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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday, July 2 1987

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US sails into the Gulf's murky waters, Page 16

## World News

### Bork is named for Supreme Court

President Ronald Reagan selected Robert Bork for the Supreme Court vacancy created by Justice Lewis Powell's retirement, White House sources said.

Bork, a staunchly conservative US Appeals Court judge, has been highly critical of Supreme Court rulings on several controversial social issues including a 1973 decision that effectively legalised abortion.

### Marcos banking appeal rejected

Five Swiss judges rejected all appeals by ousted Philippine President Ferdinand Marcos to keep his bank accounts secret.

The judges upheld decisions by Swiss cantonal authorities to help the new Philippines Government recover some $1bn of allegedly illegally obtained money transferred through Swiss banks by Marcos. Page 16

### Italian talks

Leaders of Italy's Christian Democrat and Socialist parties met for the first time since a four-month feud which led to last month's general election. Page 3

### Extraditions blocked

The Vatican formally rejected an Italian request to extradite three Vatican Bank officials in connection with the collapse of the Banco Ambrosiano five years ago.

### Waldheim salute

Austrian President Kurt Waldheim, spurning calls from within his home country to resign over alleged links with Nazi war crimes, arrived in Jordan to a 21-gun salute on his second state visit abroad. Israeli criticism, Page 4

### Truck war looms

Switzerland threatened to require most Italian trucks entering the country to apply for special permits from August 20 unless a solution was found to an escalating road haulage dispute between the two countries.

### Yugoslav bankruptcy

Yugoslavia introduced a new bankruptcy law that could lead to company closures and job losses in an attempt to sort out loss-making state enterprises.

### Rio fares cut

Bus fare increases in Rio de Janeiro were rescinded after a one-day, 50 per cent rise provoked violent protests in which rioters burned and stoned buses and attacked police vehicles in the centre of the city.

### Lebanon accidents

Syrian troops killed two Lebanese soldiers when the Syrians opened fire in error on a convoy rushing wounded Lebanese to hospital after an accidental explosion at a barracks in which two other Lebanese soldiers died.

### Kuwait accused

Veteran US Senator Daniel Moynihan said Kuwait sought American protection for its tankers in the Gulf to draw the US into a war with Iran.

### Asylum requests

The number of people requesting asylum in West Germany dropped sharply compared with last year when 100,000 applied. The Interior Ministry said only 20,000 foreigners applied in the first five months of 1987.

### Voters' revenge

Moscow University teachers and students tired of bad food took revenge on their canteen manager by refusing to elect her as a local councillor, a Soviet newspaper said.

### Pilots 'switched off'

The pilots of a Delta Air Lines jet - who between them had 43 years' service with the company - "inadvertently" switched off both engines during take-off from Los Angeles but managed to restart the engines in time to avoid a crash.

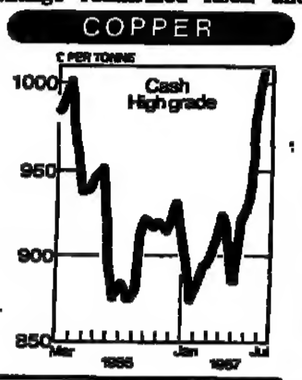
## Business Summary

### Daimler chief silent on MBB link

**WEST GERMAN** Government is pulling out all the stops to persuade Daimler-Benz, vehicles group which has diversified into aerospace and electronics, to take a stake in Messerschmitt-Boelkow-Blohm, Germany's partner in the European Airbus consortium. Page 17

**LA FRANCE,** insurance subsidiary of the Lazards investment banking group, has built up a stake of nearly 5 per cent in the newly privatised Credit Commercial de France. Page 17

**COPPER:** After appearing to lose momentum at the beginning of this week copper's bull trend on the London Metal Exchange reaffirmed itself and




the cash price rose above the £1,000 a tonne mark for the first time in 15 months. Cash grade A copper closed at £1,008.50 a tonne, up £17 on the day, while the three months position was £12.50 up at £996 a tonne. Page 26

**WALL STREET:** the Dow Jones industrial average closed down 8.77 at 2409.76. Page 38

**DOLLAR** closed in New York at DM1.8285, at FFr6.099, at SFr1.5175 and at Y146.85. Earlier, in London, it rose to DM 1.8280 (DM 1.8255); to FFr 6.10 (FFr 6.09); to SFr 1.5190 (SFr 1.5150); and remained unchanged at Y146.75. On Bank of England figures the dollar's exchange rate index fell 0.1 to 102.2. Page 27

**STERLING** rose in London to $1.6165 ($1.6135); to DM 2.9550 (DM 2.9450); to FFr 9.86 (FFr 9.8250); to SFr 2.4550 (SFr 2.445); and to Y237.25 (Y236.75). The pound's exchange rate index remained unchanged at 72.3. Page 27

**GOLD** fell $0.25 on the London bullion market to close at $446.50. In Zurich it rose to $448.25 ($447.15). Page 26

**TOKYO:** Late buying of stocks related to domestic demand lifted share prices for the first time in four sessions. The Nikkei average closed up 75.98 at 24,252.38. Page 38

**LONDON:** Equities slid further as overseas investors remained sy of the market. Gilts weakened. The FT-SE 100 index was down 14.3 at 2,269.8 and the FT Ordinary index fell 10.5 to 1,772.1. Details Page 34

**KRAFTWERK UNION,** West German power reactor company, is to become an operating division of Siemens as part of a restructuring of the electrical giant's energy activities. Page 17

**AKZO** of the Netherlands, chemicals and fibres group, has acquired the rubber chemicals company Vulnax International, which is a joint venture of Imperial Chemical Industries of the UK and Rhone-Poulenc of France, in another move to bolster specialty chemicals. Page 17

**DEMINEX,** West German oil exploration and production company mainly owned by the Veba energy conglomerate, booked a group net loss of DM 134.7m ($73.6m) last year after a DM 67.4m loss in 1985. Page 17

**McINTOSH SECURITIES,** parent of McIntosh Hamson Hoare Govett and one of Australia's best-known broking firms, is to raise A$80($57m) from the public in a major share issue on the local stock market. Page 19

**DOME PETROLEUM,** debt-laden Canadian energy group, believes it can persuade its major lenders to agree to further negotiations on the C$5.2bn(US$3.8bn) bid from Amoco Canada. Page 17

# South Koreans keep their democracy celebrations in low key

BY MAGGIE FORD IN SEOUL

CELEBRATIONS over the decision by President Chun Doo Hwan to allow direct presidential elections this year were muted yesterday as South Koreans began to realise that they had only reached the beginning of the path towards democracy.

The Seoul Stock Market, having risen by 16 points on Monday and a further nine points on Tuesday, fell by 0.6 points yesterday as the realisation dawned that fully fledged democracy was still some way off.

Early in the day, the President announced in a nationwide broadcast that he would accept the proposals of Mr Roh Tae Woo, his deputy, in the interests of compromise and conciliation.

Mr Roh revealed his plan for political reform on Monday after three weeks of nationwide demonstrations in favour of democratic change.

"Presidential elections will be held under a new constitution if the basic law is expeditiously revised and enacted following agreement between the government party and the opposition", President Chun said.

He also promised to implement all Mr Roh's other recommendations, which include key changes such as a free press, protection of human rights, local autonomy, free political activity and an end to corruption.

Mr Chun's decision will stretch the resources of both the ruling Democratic Justice Party and the opposition. Under the new political timetable, a presidential election must be held by December at the latest in order to achieve the February transfer of power.

Before that, the constitution must be completely revised, as must the election law, which affects not only presidential but also National Assembly and local autonomy elections.

The rival political camps began manoeuvring for position yesterday. Both groups need to undergo substantial internal reform if they are to respond to the public mood towards sincere change, and overcome the manipulative politics of the past, analysts believe.

Drafting committees were already starting work as were officials in government ministries, on the detailed implementation of Mr Roh's proposals. Initial efforts were directed at the separation of powers between the executive, the National Assembly and the judiciary. Control of these institutions by the presidency is a major reason for the frustration of South Koreans about the unfairness of society.

The Government indicated that following President Chun's speech several hundred political prisoners would be released

Continued on Page 16
After the euphoria, Page 18

President Chun Doo Hwan addresses the South Korean people on national television

# Toshiba chiefs quit in dramatic bid to allay US criticism

BY PETER BRUCE IN TOKYO AND STEWART FLEMING IN WASHINGTON

THE CHAIRMAN and President of Toshiba both resigned yesterday, soon after the US Senate voted to ban the import of all Toshiba products into the US because a subsidiary sold sophisticated machine tools to Soviet naval dockyards.

The move, which shocked Japan's business community, is the most dramatic attempt yet by one of the world's 10 biggest electronics companies to appease angry political leaders in its biggest export market.

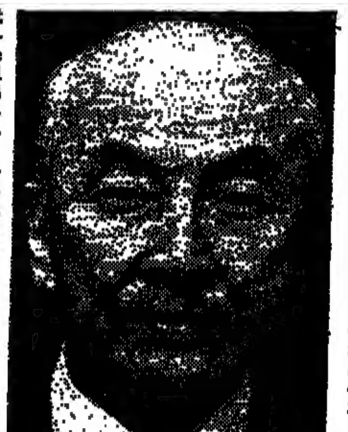
The sales of eight machine tools by Toshiba Machine to the Leningrad dockyard between 1981 and 1984 have helped the Soviet Union build better propellors and, so, quieter submarines. The Senate call late on Tuesday for a ban on Toshiba products as an amendment to its Omnibus Trade Bill was passed by 92 votes to five.

Shocked Japanese Government officials said last night that the retroactive Congressional punishments might be unconstitutional. Both Mr Shoichi Saba, Toshiba's veteran chairman, and Mr Sugiichiro Watari, its president, insisted, however, that their resignations had nothing to do with the Senate vote.

US defence analysts claim Nato's entire submarine detection system will have to be modernised to deal with the quieter propellers now being produced on Toshiba Machine's equipment. The North American market is worth Y400bn ($2.35bn) a year to Toshiba, about 40 per cent of all its exports.

The vote in the Senate has put the Reagan Administration in a difficult position. Hours before the vote, which came as a surprise to many members of the Senate, top Administration officials in testimony before a House sub-committee had made it clear that the Administration was opposed to this form of legislation.

One official said yesterday, however, that opposition was



Resigned: Soichi Saba

based primarily on the mandatory character of the legislation, which, he said, would limit the freedom of the President to conduct foreign policy. The official suggested that the Administration might not be so critical of language which put pressure on US trading partners to tighten up their export controls but did not limit presidential discretion.

The Bill has some way to go in Congress before it could become law. The House of Representatives would have to pass an equivalent bill, the legislation would have to clear a House Senate conference committee and be signed by President Reagan.

There is strong evidence that the sale of the machine tools to Moscow and the damage to US national security interests as a result have infuriated politicians on Capitol Hill, however, and exacerbated the already intense anti-Japanese feelings aroused by Japan's trade policies.

The legislation provides for the President to waive the sanctions in certain cases, for example where defence procurement contracts which the US itself considers to be essential are involved. The President would also be granted authority to modify the sanctions if Japan and Norway improve the enforcement of their controls of exports to Communist bloc countries and the companies improve their own internal controls.

Toshiba named Mr Joichi Aoi, currently senior executive vice-president, as the new president. It has left the chairmanship vacant for the time being.

Toshiba, which owns 50.8 per cent of Toshiba Machine, has argued that it cannot be held responsible because Toshiba Machine ran its own day-to-day affairs.

The Japanese Government fined Toshiba Machine in May and stopped it exporting to Communist countries for a year. Its chairman resigned and two former executives are now in jail on charges of breaching Co-ordinating Committee (Cocom) rules which govern the transfer of sophisticated Western technology to communist countries.

Mr Saba and Mr Watari said they hoped to head off US sanctions against the whole group by inviting Price Waterhouse, the big US accounting firm, to carry out an independent audit of the Toshiba group. They hoped this would confirm that Toshiba Machine was acting on its own.

The Senate measure would bar the import of Toshiba products from the US for between two and five years unless some form of compensation for the damage done to Western security is paid. Bipartisan House of Representatives action is also pending.

Leading Japanese businessman did not hide their anger for what is seen in Tokyo as unwarranted pressure on a blameless parent company by vengeful American politicians. Many fear their companies could one day be singled out.

Background, Page 6

# EC farm ministers agree price package

BY TIM DICKSON IN BRUSSELS

EC AGRICULTURE ministers yesterday ended three months of deadlocked and often bitter negotiations by agreeing a mildly restrictive package of price supports for the Community's farmers.

The deal, which was finally approved in Brussels at dawn, contains among other things important new cuts in the key cereals sector.

The outcome represents a setback for Mr Frans Andriessen, the EC's Agriculture Commissioner, who earlier this year had hoped to add to the achievements of last December when EC farm ministers agreed significant reductions both in dairy quotas and in price support for beef producers.

Ambitious plans for a new Community tax on vegetable and marine oils and a radical overhaul of the EC's costly system of green currencies immediately ran into strong opposition from member states.

Britain, the Netherlands and West Germany led a stubborn attack on the oils and fats proposal on the grounds that it represented a dangerous provocation to the US, as well as effectively imposing a new tax on European consumers.

The deadlock was effectively broken at this week's meeting of European heads of state in Brussels when France and Germany jointly agreed a plan to resolve the problem of green currencies.

The budgetary implications of these decisions were spelt out by the European Commission yesterday. A spokesman said that, if adopted, the original price proposals would have saved the Community budget Ecu 1.1bn ($1.25bn) this year and close to Ecu 4bn in 1987.

# Thatcher stands by position on budget controls

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT, IN LONDON

MRS MARGARET Thatcher, the British Prime Minister, yesterday underlined her determination to allow no increase in the UK Government's financial contribution to the European Community unless new, draft regulations on budget discipline are ready for the December summit in Copenhagen.

In her first statement to MPs since the UK election, Mrs Thatcher said she had told the European Council in Brussels on Tuesday that her Government refused to accept that any decision on the size of Community resources should be made before there was agreement on "effective and binding control" over EC spending.

Mrs Thatcher, whose stance in Brussels was warmly welcomed yesterday by Conservative MPs, said she had gone to the summit determined to make progress in bringing Community spending under better control and in ensuring it "lived within its means."

She said there was particular concern over agricultural overspending. The British Government could not accept that the level from which future agricultural spending was calculated should simply be revised upwards to include every element of current over-spending.

Mrs Thatcher said she intended "to protect the taxpayer and to take sound and considered decisions for the long-term health of the Community."

The statement was attacked immediately by Mr Neil Kinnock, the opposition Labour Partyleader, who accused the Prime Minister of having "no positive and precise proposals for the root and branch reform of the Common Market or the Common Agricultural Policy."

Mrs Thatcher made it clear that she expects the Community to attach the highest priority to translating the guidelines on budget discipline and on agriculture discussed at Brussels into draft form.

Last night, UK Government sources said Britain would not contemplate any increase in the UK's budget contribution unless it was satisfied that significant progress had been made in time for the Copenhagen meeting.

In particular, government ministers will expect to see draft decisions and regulations capable of ensuring that there is a firm grip on agricultural spending, which they say must represent a declining proportion of future EC income.

In addition, the British Government will want assurances that the more rigorous budgetary guidelines apply to all EC institutions. The Prime Minister is determined that no situation arises in which the European parliament adopts tighter financial disciplines, leaving individual EC bodies to avoid them.

Mrs Thatcher is understood to be prepared to contemplate an increase in Britain's EC budget contribution if she is satisfied that real progress has been made by the time Community ministers meet in Copenhagen.

At present, Britain pays an equivalent 1.4 per cent of the gross annual yield raised from value added tax towards the European budget. Ministers acknowledge that, given an encouraging advance by December on the preparation of new budgetary guidelines, they will have to consider raising the figure. The lowest increase proposed by Brussels would take the contribution to 1.6 per cent.

Details, Page 3

# Former UK merchant banker sentenced for insider trading

BY RAYMOND HUGHES AND NICK BUNKER IN LONDON

GEOFFREY COLLIER, the former joint head of the securities arm of the British merchant bank Morgan Grenfell, was sentenced to 12 months imprisonment, suspended for two years, and fined £25,000 ($40,000) after pleading guilty at the Old Bailey yesterday to two insider dealing offences.

Mr Collier, the first person to be charged under the 1985 Company Securities (Insider Dealing) Act, said as he left the court that he was "extremely grateful" to have the opportunity to rebuild his life and career.

The judge in the case, Mr Justice Farquharson said: "Everyone in my generation was brought up to regard the City (of London) as honest and reliable. But in recent times those like you, who are otherwise honest people, have stooped to conduct which has blemished that reputation and lowered the reputation of the City throughout the community."

Mr Collier admitted to insider trading in the shares of Cadbury Schweppes and AE, the UK engineering group. He made a profit on one and a loss in the other, according to evidence.

The judge added that, although the case had attracted a great deal of media attention, Mr Collier's crimes could not be compared with widely publicised offences in the US.

"It is in some ways perhaps unfortunate for you that you committed these offences when those other matters were receiving publicity."

Ordering Mr Collier to pay £7,000 towards the prosecution costs, and giving him 28 days in which to pay the fine, the judge warned that future insider dealers - even those of good character - were unlikely to get away with suspended jail sentences.

The court had been told by Mr Robin Auld, QC, prosecuting, that it was discreditable that a person in a high position in a City institution should abuse his position by using for personal gain information given to him in confidence.

Mr Auld said if insider dealing was not stopped it would destroy confidence in the integrity and efficiency of the market and its ability to attract investment capital.

The London Stock Exchange said it was considering a range of options including disciplinary action against Mr Collier. If found guilty of gross misconduct under the exchange's rules he could face expulsion and an unlimited fine.

The sentence was condemned by Mr Robin Cook, the Labour Party's trade spokesman, who said it "made a mockery" of the Government's decision to increase the maximum jail sentence for insider dealing from two years to seven years.

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CASTRO GIVES GLASNOST THE COLD SHOULDER

The Cuban leader believes following Moscow's line could be a mistake this time. Page 4





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# EUROPEAN NEWS

**Patrick Cockburn** in Moscow assesses the significance of the jailing of a senior Soviet official

## Anti-corruption campaign reaches into high places

THE JAILING for 13 years of Mr Vladimir Sushkov, the former Soviet Deputy Foreign Trade Minister, and his wife Balentina for 11 years marks an escalation of the Kremlin's campagin against corruption which is starting to affect senior officials.

His month-long trial for corruption by the Soviet Supreme Court details of which were recently published by the trade union newspaper, Trud, is also significant because it is clearly intended as a warning to all Soviet officials who have commercial dealings with foreigners.

The revelations about the extent of Mr Sushkov's corruption—on his return from business trips abroad, a minibus used to meet him at Moscow's Sheremetevo airport because his official car was too small to carry all his purchases—is also *proving damaging to the* Foreign Trade Ministry at a time when it is fighting to retain control of Soviet imports and exports.

This monopoly was formally ended at the beginning of this year when 21 ministries and 75 enterprises were given the right to trade abroad. But in the years between 1974 and 1985, when Mr Sushkov was deputy minister, the Foreign Trade Ministry had total control of all Soviet commerce with other countries.

The case started at the end of 1985 when Customs at Sheremetevo airport found jewellery and video equipment in the luggage of Mr Yevgeny Kuzminykh as he returned with Mr Sushkov from a short business trip abroad.

Mr Sushkov is said to have whispered to him: "Don't give away too much to the investigator. Don't name a single person or a single episode." *The minister then rushed to* his country house in Barvikha, a prestigious area on the western fringe of Moscow where many *senior officials* have villas, where he began to bury coffee jars filled with jewellery and foreign currency in the garden.

**For the first time systematic bribery of Soviet officials by foreign businessmen has been widely publicised in the Soviet media**

There was a lot to hide. When Mr Sushkov's town house was eventually searched, police found 1,565 gold brooches, diamond pendants and rings worth more than Roubles 1m (£1m), as well as other property worth Roubles 500,000. Other goods, which the couple had never bothered to look at, lay unopened. Trud says these goods had been accumulated over the years in the form of bribes from foreign business*men looking for contracts in* the Soviet Union, as well as systematic fiddling of expenses during the 120 trips Mr Sushkov *had taken abroad.*

The revelations about corruption in foreign trade dealings are important because they are the first time that systematic bribery of Soviet officials by foreign businessmen has been widely publicised in the Soviet media. Trud said there are officials who selflessly "fight for every kopek of the people's money" in contract negotiations, but added that Mr Sushkov was not among them.

The court heard details of how an Italian company supplying specialised chemical products had first made contact with Mrs Sushkov, a senior *official of the State Committee* for Science and Technology, who arranged meetings for the head of the company with the ministries handling chemicals and petrochemicals. The Italian businessmen nicknamed Mrs Sushkov "the golden senora" for her expensive tastes.

All together Mr and Mrs Sushkov received Roubles 130,000 from this company, whose head was quoted as testifying at their trial that "the activity of my company in the Soviet market depended on *them. The goods and jewellery* they received were not paid for out of my account but were bought with the company's money."

Sketching in Mr Sushkov's background, the Trud correspondent says he came from an ordinary family. "At the start of the last war, although already aged 21, he was fortunate to be sent for further *education as an engineer rather* than going into the armed forces. In the 1950s he headed the Soviet trade mission in Italy and then, for 10 years up to 1974, he was in charge of the foreign trade organisation responsible for importing machinery and equipment from the West." How did he get away with it for so long? Trud says that the real reason was that the Foreign Trade Ministry was one of those organisations which occupied a zone within which criticism was forbidden. "*Glasnost*" (openness) could not penetrate to their offices where the curtains of their windows were always drawn," the newspaper says.

Despite efforts to extend the right to trade abroad to other Soviet organisations, the Foreign Trade Ministry still retains an effective monopoly over Soviet exports and imports. Nevertheless, the Sushkov case has badly dented the credibility of its claims to special expertise in foreign commerce.

## Italian GDP falls 0.4% in first quarter

BY JOHN WYLES IN ROME

ITALY'S GROSS domestic product fell by 0.4 per cent from the last quarter of 1986 to the end of the first quarter of this year, despite one of the highest rates of domestic demand in Western Europe.

The decline means that the economy has been virtually standing still since the middle of last year. Nevertheless, the latest figures from Istat, the Government statistical agency, are not yet prompting the Italian Treasury's economists to revise their forecasts of 3 per cent growth for this year.

Italians have now come to regard themselves as "the locomotive of Western Europe" in the face of West Germany's reluctance to assume the role. The strong domestic demand for goods and services is thus sucking in a growing volume of imports of goods and services which rose by 4.4 per cent in the first quarter.

Unfortunately, Italian producers are not achieving any compensating gains through their exports which, in value terms rose by a slender 0.6 per cent in the first quarter. Compared to the first quarter of 1986, imports had risen by 3.8 *per cent and exports fallen by* 1.2 per cent. At the same time, the terms of trade which have been running in Italy's favour for several quarters have also begun to turn down: import prices rising by 1.2 per cent and export prices by 0.2 per cent.

Ciampi: Warning

Household consumption has risen at an annual rate of 3.5 per cent which some economists, inluding the Governor of the Bank of Italy, Mr Carlo Azeglio Ciampi, fear may nearly be overheating. The Governor warned last week that with bank loans to industry also rising at an annual 15 per cent *rate, higher taxes and a credit* squeeze may be needed to avoid higher inflation and troublesome balance of payments problems.

## Bonn reports decline in asylum seekers

THE NUMBER of people requesting asylum in West Germany has dropped sharply compared with last year's 100,000 influx, which led to angry exchanges between East and West Germany, the Interior Ministry said yesterday, Reuter reports from Bonn.

The Junior Interior Minister, Mr Carl-Dieter Spranger, said in a statement that only 20,000 foreigners had sought asylum in the first five months of this year and he predicted the 1987 total would be about 60,000.

West Germany last year accused East Germany of cashing in on cheap flights to East Berlin for would-be immigrants from Iran, Lebanon and Ghana who were able to enter West Berlin without valid travel documents. East Germany denied responsibility.

Mr Spranger attributed the fall in the number of immigrants to a decision by East Germany to stop refugees taking cheap flights to East Berlin's Schoenefeld airport.

*The United States, Britain* and France, who administer Berlin under a post-war agreement with the Soviet Union, do not make border checks between East and West Berlin because that would imply recognition of the city's division.

## Oil consortium seeks overturn of Greek takeover

BY ANDRIANA IERODIACONOU IN ATHENS

NAPC, the international consortium developing offshore oil deposits in the north *Aegean, is seeking the can*cellation of legislation passed last May allowing the state to take control of its activities.

Its application — to the Council of State, a body with power to overrule government and judicial decisions—was lodged by the four non-Greek companies participating in NAPC, led by Denison Mines of Toronto. The Greek state-run Public Petroleum Corporation (DEP) has been *a 25 per cent partner in the* consortium since 1985.

Under the provisions of the main legislation, DEP invited the consortium partners three weeks ago to begin negotiations for the transfer of the control of NAPC's activities to the state. The legislation provides for the compulsory purchase of up to 51 per cent of the consortium's shares by DEP. However, the Greek authorities have said *that DEP will not exercise* this option, if the transfer of control can be negotiated otherwise.

A consortium spokesman said yesterday that its recourse to the Council of State was preceded by two meetings with the Greek authorities. He declined to specify, however, whether the negotiations had reached a deadlock.

NAPC, one of Greece's largest foreign investments, *was established in 1975 with* an original product cost of approximately \$700m, partly financed by 16 international banks. The consortium's legal advisers argue that the recent takeover measure contravenes a special 1975 law under which the Greek state guaranteed the rights of the oil consortium against any future legislation.

● A British warplane crashed close to a Cypriot village yesterday slightly injuring the pilot, a military spokesman said, Reuter reports

"A Lightning fighter from Binbrook base in Britain crashed

"The pilot ejected and is in hospital with minor injuries," Mr Chris Shepherd, a base spokesman said.

## Tour de France under starter's orders—in Berlin

Chirac: at the Gate

BY LESLIE COLITT IN BERLIN

MR JACQUES CHIRAC, the French Prime Minister and Mayor of Paris, will be at the Brandenburg Gate in Berlin today for the start of the Tour de France in a unique French tribute to the former German capital on its 750th anniversary.

Visiting West Berlin just after President Francois Mitterrand, Queen Elizabeth II and President Ronald Reagan, the French Premier is being duly feted as a representative of one of the city's three "protective powers." West Berlin is paying DM 3.5m (£1.2m) for the privilege of playing host to the first two days of the Tour, which has to be flown back to France as East Germany refuses to allow it to traverse its territory.

West Berlin's governing mayor, Mr Eberhard Diepgen, promised that the sporting *event, which he also called a* major political occasion, would provide invaluable publicity for West Berlin.

Both parts of Berlin and their respective supporters, *West and East Germany*, are marking the city's anniversary in a year-long celebration which is costing them a small fortune. Well over one billion Western and Eastern Marks have been *spent to reconstruct and restore* historical buildings and refurbish grimy facades in both parts of the city. Nothing appears too costly to demonstrate that Berlin (West) is firmly linked with West Germany while Berlin (East) is the *Hauptstadt* (capital) of East Germany.

The East German authorities have opened wide their normally depleted hard currency coffers to attract leading Western orchestras and entertainment stars to East Berlin. The performances are televised to the rest of East Germany to allow citizens to participate vicariously in the capital's anniversary.

Somewhat to the chagrin of the organisers of the Berlin *festivities, West Berlin his*torians recalled that the only apparent reason for the 750th anniversary celebration is that Berlin's 700th year of founding was marked in a big way in 1937.

But the anniversary has meant some benefits for the population which go beyond free beer and *Bockwurst*. The East German authorities last week *permitted the Protestant* Church to hold is first countrywide meeting in East Berlin since the erection of the Berlin Wall 25 years ago. The event went off without serious *incident although church offi*cials called on the government to "lower" the Wall and allow East Germans to travel freely.

The East German leadership, however, faces a knotty problem on August 1 when a "rock salute to Berlin" is presented in front of the Reichstag build*ing hard by the Wall in West* Berlin. Thousands of young East Germans recently rioted on Unter den Linden boulevard when the police prevented them from getting close enough to hear British rock groups performing at the Reichstag. Although the East German authorities have permitted several Western rock stars to tour East Germany, they *apparently overlooked* the groups which were booked to play in West Berlin.

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# Commission to pursue airline reforms

By William Dawkins in Brussels

THE EUROPEAN Commission is to press ahead with direct negotiations with EC airlines in the wake of the surprise collapse of its package of air transport reforms.

Weary competition officials yesterday started work on fresh moves to bring airlines in line with EC competition rules in the absence of the liberalisation package blocked by Spain at a meeting of transport ministers this week. Madrid refused to accept the inclusion of Gibraltar airport in the scheme.

However, the Commission is a long way from tackling the tougher issue of what permanent air reforms proposals to resubmit to conform with the new procedures that came into force yesterday under the Single European Act. Officials estimate that a new scheme could be ready for ministers by the end of the year at the earliest — and that assumes the UK and Spain make some progress in solving their row ...over Gibraltar.

The Brussels authorities are in the meantime asking airlines to submit their bilateral trading agreements for the Commission's approval, a temporady measure to allow Brussels to try to enforce reforms without the formal backing of a directive.

Commission officials made no attempt yesterday to hide their irritation over Spain's refusal to accept the package, especially after being offered more than a dozen compromise alternatives over the past two Transport Councils. They are suspicious that Madrid should have raised such a deep seated diplomatic objection so late in the airline debate.

If Brussels does start work with a new airline reform scheme, it may wish to use that opportunity to introduce changes. Another option is to keep most of the old package and just resubmit the clause dealing with market access to take account of the outcome of the now intensified talks between Madrid and London.

# Surprising degree of accord at the EC summit

## The Brussels meeting was far from a failure, writes Quentin Peel

Nothing about the latest summit meeting of the 12 EC leaders, billed as a potential disaster from the start, was quite what it seems. The summit was actually remarkable for what it achieved, not for what it failed to do.

The summiteers actually agreed the basis of solutions to three short-term crises: an end to the deadlock over farm prices this year, a solution on how to fil an Ecu 6bn (£3.5bn to £4.2bn) hole in this year's budget, and a temporary agreement on a research framework programme.

Eleven member states could agree on a joint communique, leaving Mrs Thatcher isolated once more. That looks easy enough to interpret: they all want to spend more money regardless, she is as tough and disciplinarian as ever, determined to curb the excesses of Brussels in general. and the Common Agriculture Policy in particular.

Yet the document the Eleven actually agreed could practically have been drafted by Mrs Thatcher's advisers. When the first draft was produced by Mr Leo Tindemans, the Belgian Foreign Minister, last Sunday morning, at the conclave of Foreign Ministers summoned to prepare the summit, scathing French and Italian observers called it "the Anglo-Belgian paper."

The southern phalanx of Greece, Italy, Spain and Portugal, with Ireland in associate membership, was furious that the draft paid too little heed to the need for a doubling of the social and regional funds available to backward regions.

The document which emerged at the end of the summit, and all subscribed too, was scarcely different in substance. By far the greatest emphasis was on budget discipline, spending control, and curbing the excesses of agriculture, with only token genuflection in the direction of the South.

Doubling of the so-called structural funds is mentioned —but only as the opinion of the European Commission. Far more important is that spending on all the non-agricultural part of the budget is supposed to be governed by something called the "maximum rate"—a formula including elements of inflation, and the growth of public spending in member states—which would keep the growth of such funds far below the doubling so eagerly sought.

The agriculture section too, and the approach to budget discipline, is almost pure Thatcherism. The British got exactly what they wanted in a commitment to introducing "stabilisers" in each commodity sector of the CAP, in order to control spending automatically as soon as it exceeds a pre-set level.

There was also a commitment to tackle the problem of "budgetary imbalances" — a euphemism for the British budget rebate — in good time.

So what went wrong? How did Mrs Thatcher manage to talk herself back into the corner, after carefully seeking to find the middle ground of the Community ever since her budget rebate was agreed at Fontainebleau in 1984? And how did all the other EC leaders (12 including both President Mitterrand and Mr Jacques Chirac of France) manage to agree on a document they only half-discussed?

One problem was certainly oils and fats—the tax the Commission proposed to find sorely needed finance for the budget. In the face of a storm of protest from outside suppliers, led by the US, the Community has been hopelessly split on the wisdom of the measure.

It was discussed no less than four times in the meeting, for a total of some four-and-a-half hours, without anyone changing their position. It led to one particularly sharp exchange between Mr Chirac and Mrs Thatcher over dinner on Monday night, when the French Prime Minister accused his British counter-part of having the mentality of a housewife, and failing to be Community-minded, Mrs Thatcher retorting with harsh words about wasting money on useless policies.

That undoubtedly soured the atmosphere. Then the debate concentrated overwhelmingly on the part of the package concerning "cohesion"—or spending more money on poor regions—although the vague language was known to be generally acceptable.

Mrs Thatcher was bogged down on just two points in the entire 13-page document.

She was worried about being too specific in committing the member states to a new financing system "based on a percentage of gross national product" instead of the present value added tax base, although the commitment makes no mention of actually raising the total amount of funds.

She was also worried about a sentence which suggests that the base year for measuring the growth of farm spending—to be kept strictly limited—should be "redefined." because it takes no account of the recent surge in costs related to the fall of the dollar.

In the words of one senior official, both points could have been sorted out in 10 minutes —or perbaps an hour. But by the time the heads of government had tackled the ferocious short-term problems of agrimonetary systems, budget shortfalls, and research spending, they were too tired to reopen the debate. Mr Wilfrid Martens, the Belgian Prime Minister in the chair, accepted with alacrity the proposal from Spain's Felipe Gonzalez that everyone should swallow his or her doubts, and say yes to what were only broad guidelines.

But Mrs Thatcher's "reservation" on the entire package has undoubtedly soured the atmosphere—although her bevhaviour cannot come as any surprise to the rest. It will not actually change anything in the course of the debate.

All officials accept that the financial reform package will now be discussed within the guidelines agreed by the 11, regardless of the UK objections. Any final conclusion obviously requires UK acceptance, because it requires unanimity, *but nothing has been gained in* substance.

It is just that the Thatcher style has been brutally confirmed, and the rest have surprised themselves at how much they were prepared to agree on.

# Spain warns Gibraltar issue will not go away

BY DAVID WHITE IN MADRID

THE GIBRALTAR question, which has blocked EC air transport reform, "could come up again tomorrow in any Community issue," senior Spanish officials warn. They said Spain could not accept that decisions affecting sovereignty should be made at EC level.

"The negotiating table of the 12 is not the place to resolve a colonial question like this," they said, commenting on the failure of talks between transport ministers to liberalise air routes. They said Spain genuinely supported the airline reform and wanted it to go ahead, but could not let it affect vital national interests.

Mr Abel Caballero, the Transport Minister, speaking on his return from the meeting, blamed the failure on "British inflexibility over Gibraltar." He emphasised that, apart from the inclusion of Gibraltar airport in provisions for new regional air links, the rest of the package was "acceptable" and would provide new opportunities for the national airline Iberia.

Madrid's position has been that Gibraltar cannot be included in the reform until Spain and Britain reach a bilateral agreement on the airport's status. This has been under discussion for the past two years.

Mr Caballero said that the EC air package as proposed would empty the negotiations of their content and resolve part of the issue in the UK's favour by giving airlines of other European countries access to Gibraltar airport.

Foreign Ministry officials pointed out that the Gibraltar issue had already led to the blocking of three accords in the field of legal co-operation. They denied that Spain knew before June 9, when it first brought the problem up, that Gibraltar was on the list of airports due to be covered by the reform.

Despite the EC row, they said Madrid hoped that the process of negotiation with Britain on joint use of Gibraltar airport would continue.

# Danish premier plays down talk of crisis

BY HILARY BARNES IN COPENHAGEN

THE DANISH Prime Minister, Mr Poul Schlueter yesterday played down talk of a crisis in the European Community. He was speaking on the day on which Denmark assumed the presidency of the EC for the coming half year.

"When you look back at the problems . . . let alone relations between the European states in the first half of this century, it is a bit too exaggerated to talk about a crisis," he told a meeting of the European Democratic Group of the European parliament.

On the morning after an exhausting two-day European summit Mr Schlueter staid he was by no means intending to belittle the difficulties facing the EC, but cooperation was so clearly in the interest of member states that "they will not, this time either, put that co-operation at stake."

He carefully avoided any comment on the conflict which arose between Mrs Thatcher, the British Prime Minister and other European leaders. Nor did he put forward any specific suggestions for solving the Community's immediate problems, which he said would have to be the subject of discussions over the next half year. But he warned that if the budget problem was not resolved the Community would come to a standstill and this would have political consequences. We should not become hypnotised by a budget total that only made up about 1 per cent of the Community's GNP, he said.

The problems of the EC's agricultural policy, must be solved through retrenchment of the support schemes for the individual sectors, he said.

● Mr Henning Christophersen, Denmark's member of the Commission, yesterday dismissed suggestions that the Commission would propose an immediate dismantling of the budget rebate system that allows the UK to pay less than the 1.4 per cent of VAT revenues paid by other Community members.

# Bonn welcomes compromise on agriculture

BY DAVID MARSH IN BONN

THE WEST GERMAN Government yesterday welcomed the overall compromise reached over agriculture at the European Community summit, even though it will add to financing pressure on the Bonn budget. Extra help for West German farmers to compensate for the gradual removal of the MCA (monetary compensation amounts) border tax system will add DM 1.1bn-DM 1.2bn (£375m-£409m) to agricultural spending from 1989 onwards.

Mr Ignaz Kiechle, the Agriculture Minister, declared himself pleased with the Franco-German accord avoiding any immediate and total dismantling of MCAs which offset the impact of West German farmers' incomes of the strong D-mark.

These will now be removed progressively under a complex formula offering "compensation" to farmers. He also hailed as positive the agreement reached to compensate for the agrimonetary effects of any future D-mark revaluation in the European Monetary System.

Mr Kiechle said the EC agreement on agricultural price cuts was less drastic than originally called for by the Commission. He consoled farmers, however, with the remark that "no sensible person" could have expected farm price increases to be agreed.

The Social Democratic Party opposition, which has criticised the Government fiercely in recent days stepped up the attack yesterday by claiming that Chancellor Helmut Kohl had failed to bring the EC towards financial discipline.

# No coalition in sight as Italian MPs reconvene

By John Wyles in Rome

THE TWO HOUSES of the Italian Parliament elected on June 15 gather for the first time today. Barring last minute deals this morning, the 630 members of the Chamber of Deputies and the 315 Senators will be arriving without knowledge for certain whether they are part of the governing majority or the opposition.

Their first task is to elect the presidents of each chamber; then the chairmen of committees. On this occasion the major parties have not made any advance job-sharing deals. *This flows from their failure* to begin stitching together a new Government. Mr Ciriaco De Mita, leader of the Christian Democrats who modestly strengthened their position in the election, has tried hardest to revive the coalition with the Socialists, Social Democrats, Liberals and Republicans, which governed since 1983. However, Mr Bettino Craxi, leader of the growing but much smaller Socialist Party, has been playing hard to get.

For the moment there is no other convincing majority except one based on collaboration between the two parties but Mr Craxi will not begin to put a price on his co-operation until President Francesco Cossiga launches official soundings about a new government next week.

In the meantime, he indicated yesterday that he would not mind if the Communist Ms Nilde Iotti were elected to a third term as president of the Chamber of Deputies. He also came out in favour of the Republican Mr Giovanni Spadolini, the former Minister of Defence, to lead the Senate.

But his elevation will need Christian Democrat approval since their elderly champion, Mr Amintore Fanfani, the current caretaker Prime Minister, had the last substantial tenure of the Senate presidency. However, Mr Craxi is almost certainly about to cede the prime ministership of the new Government to the Christian Democrats and Mr De Mita to demonstrate its modernity by not insisting on filling every top job, like in the old days.

# OVERSEAS NEWS

## S African mine union to hold strike votes

By Jim Jones in Johannesburg

SOUTH AFRICA'S National Union of Mineworkers plans to hold strike ballots on July 6 and gold and coal mining companies are implementing their final wage increases for black miners following the failure of wage talks on Tuesday this week.

Black miners' wages are normally increased on July 1 each year, and the Chamber of Mines says that it could not delay the increases as the NUM represents only 170,000 of the gold and coal industries' 500,000 black workforce.

Gold mining wages are to be raised by between 17 per cent and 23 per cent except at three marginal mines—Grootvlei, Stilfontein and Marievale—where increases will range from 16 to 21.6 per cent. The union's final demand was for an across-the-board increase of 30 per cent.

Mr Johan Liebenberg, the chamber's chief negotiator, believes the increases are reasonable and says he does not know if further wage talks will be held. He said that the union was at present organising ballots at mines which recognise it as representative of employees, mostly mines managed by Anglo American Corporation. The NUM has said it will ballot men on 27 gold mines and 18 collieries.

● Several Swedish companies have applied for dispensation from the trade ban with South Africa on the grounds that the boycott will only serve to strengthen their South African competitors and hence fail to achieve its aim of weakening the South African regime, Sare Webb reports from Stockholm.

Some companies have complained that the boycott will damage their interests at home and force job cuts in Sweden.

The legislation imposing the trade boycott against South Africa came into force yesterday though companies still have three month to wind down their activities.

The National Board of Trade said that it had received applications for dispensations from Atlas Copco (mining equipment and tools), Sandvik (tools), Secoroc (rock drills), Nitro Nobel (civilian explosives), Pacwire (packing wire), Siemens-Elema (hospital equipment) and Oppboga (paper).

It is now up to the Foreign Trade Department to decide whether to grant dispensations and risk accusations of hypocrisy and of only serving Swedish interests.

**Robin Pauley** reports on economic problems after the coup

## No sugar in Fiji's brew

ALL ATTEMPTS to harvest Fiji's sugar cane crop have been abandoned for a month. The Fiji Sugar Corporation has shut down, bringing the South Pacific island state to the brink of economic collapse.

The country has effectively been brought to its knees in the seven weeks since a military coup overthrew the newly elected government of Dr Timoci Badadra. The Governor General is ruling with emergency powers but only with the consent of the army. A political solution appears beyond grasp as long as the Melanesian minority continue to insist on guaranteed parliamentary supremacy over the Indians.

Sugar is the country's most important source of foreign currency. Last year sugar exports earned $134m, just over half of the value of all local exports. The only other principal source of foreign exchange is tourism which has been devastated since the May 14 military coup.

In the sugar fields Tuesday was a day of high tension. The huge Lautoka mill, 30 kilometres from here, was supposed to open, more than a month late.

It never happened. The experience at the Labasa mill, on the nearby island of Vanua Levu, was warning enough. A mass walkout by the workforce on Monday in protest at the *behaviour of increasingly* unruly soldiers was followed by arson and sabotage.

The management closed Lautoka before it opened. There were no soldiers to be seen. Equally significant, there was virtually no sugar cane to be seen—just a miserable heap, barely enough to keep the huge plant crushing for a couple of hours if it had started up.

The Indians, who own 90 per cent of the sugar farms, had won. They had vowed to use the only weapon available to them in protest against last month's military coup which toppled the Dr Bavadra's Government.

"We are the backbone of this country. We are not going to have everything we have worked for taken from us. If we have to take the country's economy down to get what is right, we will do it. If you did not believe it before, you have to believe it today." said one cane farmer near Lautoka mill.

Flying over the sugarfield during the last two days, it has *been clear that most farmers* agree with him. A few cleared patches looked like small brown tiles in huge carpets of green cane still standing, swaying tall and defiant in the South Pacific breeze.

Fijiians, like the cane, are standing around. The country is becoming rapidly unemployed as the crisis deepens. Yesterday's shutdown threw 2,500 people out of work. The collapse of tourism has made many thousands redundant from the nearly deserted hotels and restaurants.

Away from the towns there is high tension. Melanesians have set fire to Indian homes in one sugar-growing area, fights between Melanesians and Indians broke out in another and there were scattered incidents of Indians setting fire to their own crops to ensure their destruction.

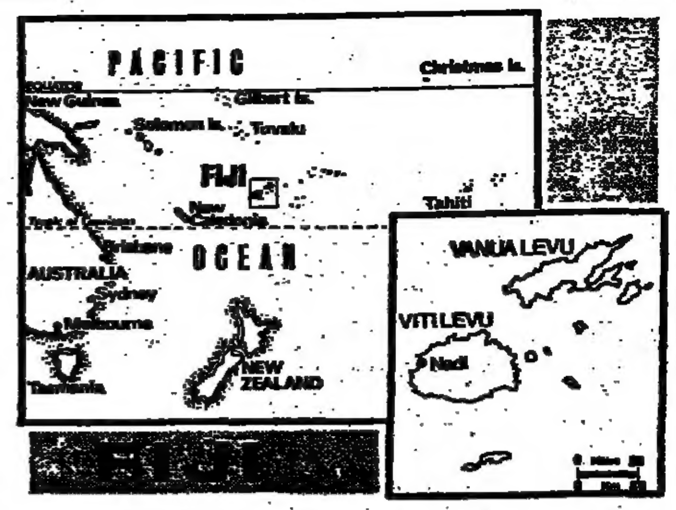
Mr Savenaca Siwatibau, governor of the Reserve Bank, made it clear yesterday just how it is. Since the coup, *foreign* reserves have fallen by a third to $113m, a key reason for Monday's 17.75 per cent devaluation of the Fiji dollar.

Mr Siwatibau warned that Fiji residents with assets and investment abroad may soon be required to realise them and change the proceeds from foreign currencies to Fiji dollars.

Property values have fallen by an average 30 per cent since the coup, and, as the economic and political situation worsens, rising numbers of residents are trying to emigrate.

Fiji's attempt to revive the tourist industry is now the only major short-term hope of keeping the economy off the reef. Hotels and airlines have banded together to offer cheap holidays from today. Return fares from Australia and New Zealand will be cut by nearly two-thirds.

Both Australia and New Zealand have elections within the next six weeks. "Maybe they will all come here to escape the election campaigns. No better place than Fiji for people who do not like elections," said an Indian taxi driver, who had spent 11 hours at Nadi airport waiting for his first $10 fare.




## Socialist ideology ruled out by the Nigerian military

NIGERIA'S military leadership yesterday ruled out a socialist ideology for the country and said it would allow only two political parties when it restores civilian rule, Reuter reports from Lagos.

But a White Paper approved by the Armed Forces Ruling Council after two days of closed debate remained silent on the exact date of the handover.

Officials said the president, General Ibrahim Babangida, would end speculation about the timing of the military's departure in a national broadcast.

President Babangida and his 28 fellow-officers in the council, who seized power in 1985, held another marathon session in Lagos yesterday to finalise the transitional programme.

Their discussions were based on a secret report prepared by a government-appointed political bureau and submitted to the ruling council last March.

One of its key recommendations was that black Africa's largest country should renounce its broadly-capitalist orientation and embrace socialism instead.

The political bureau, largely composed of academics, proposed the full nationalisation of the oil industry, on which Nigeria depends for about 90 per cent of its foreign earnings, as well as the other "commanding heights" of the economy.

The council said in its White Paper that it had rejected these proposals and the imposition of any political ideology on the nation.

"The government believes an ideology will eventually evolve with time and political maturity", the council said, adding that the level of state participation in the economy was already sufficient.

The council accepted the bureau's recommendation for a two-party system when the present ban on politics is lifted.

During Nigeria's 10 years of civilian rule since independence from Britain in 1960, no such restriction existed and each of the country's three main ethnic groups was closely identified with a political party.

By limiting parties to two, the government is clearly hoping to break the tribal mould of politics in the past and force cross-ethnic electoral alliances instead.

The White Paper approved the presidential system of government, which existed during the 1979-83 civilian rule, and the present federal structure of 19 states divided into more than 300 local government areas.

## Israel attacks Jordan over Waldheim visit

ISRAEL criticised Jordan yesterday for welcoming President Kurt Waldheim of Austria on a state visit but muted its rebuke in an apparent effort not to alienate King Hussein, with whom the Jewish state seeks peace talks, Reuter reports from Jerusalem.

A senior Israeli official told reporters Jordan had not taken the right step in inviting Mr Waldheim, accused by Jewish organisations of involvement in Nazi war crimes in the Balkans.

But state radio said Mr Yitzhak Shamir, the Prime Minister, rejected demands by Mr Ariel Sharon, the right-wing Trade and Industry Minister, for the Cabinet to debate and condemn the visit.

## Iran's island bases seen as targets for US

BY TONY WALKER, RECENTLY IN KUWAIT

IRAN'S Revolutionary Guards' "navy" is operating from small islands in the Gulf that are likely to become prime targets if an American ship is attacked. One such island is al-Farziyah in the Northern Gulf that, according to a well-placed source in Kuwait, is one of the staging points for recent attacks against shipping servicing Kuwaiti ports.

"*Al-Farziyah is an obvious* target," said a senior Western diplomat. "The US Navy could obliterate the island without causing civilian casualties."

Mines laid recently in the al-Ahmadi Channel leading to Kuwait's oil ports were probably sown by Revolutionary Guards based on al-Farziyah, according to the Western official.

Further south in the Gulf, near the Strait of Hormuz, Revolutionary Guards are also using small islands as staging points, These, too, are likely to be prominent on lists of potential US targets.

Mr Hassan Alai, commander of the Revolutionary Guards' "navy," which mainly consists of small, high-speed boats, warned the US at the weekend against intervening in the Gulf.

Young Iranian Revolutionary Guards have been patrolling the waters of the Gulf in 40-foot Swedish-built boats.

In Kuwait, observers are warning of the possibility of Iran preparing to use these small boats as floating suicide bombs against US naval targets. Because they are low in the water, they would be difficult for radar to detect.

## Taiwan frees writers of bad cheques

By Robert King in Taipei

THE GATES of Taiwan's prisons swung open yesterday for 1,400 people imprisoned for writing bad cheques and another 30,000 will be spared criminal sanctions for the same offence.

Taiwan's parliament late in June approved the provision that made retroactive earlier legislation removing the writing of bad cheques from the criminal code.

While removing automatic imprisonment for violations after January 1 1987, the revision still left 1,400 people serving sentences, another 5,900 awaiting sentencing and nearly 25,000 in hiding because of bad cheques.

In future prosecutors will have to prove intent to defraud before people are sent to jail.

## Odinga calls for return to multi-party system

BY ANDREW BUCKOKE IN NAIROBI

A FORMER vice president of Kenya, Mr Jaramogi Oginga Odinga, yesterday appealed for a return to a multi-party system for parliamentary elections due next year in an open letter to President Daniel arap Moi.

Mr Odinga also told journalists that he would be willing to lead a new party. The 72-year-old politician resigned as vice president to form a breakaway party, the Kenya People's Union, in 1966. He was detained for 15 months by Jomo Kenyatta after the party was banned in 1969. He was also put under house arrest for a year by President Moi following allegations of his support for the 1982 coup attempt. His son, Raila Odinga, remains in detention in connection with the coup attempt.

Although he said he hoped it would be conciliatory, Mr Odinga's letter is a scathing attack on the country's current leadership and on the Kenyan African National Union, its sole legal party. "The manoeuvres to muzzle and emasculate parliament and reduce it to a rubber stamp of the executive and party are a serious affront to democracy," he wrote. The Government's declaration that Kanu is supreme over all other bodies was described as "an abrogation of the constitution."

He called the Kanu disciplinary committee, which recently suspended Mr Kimani wa Nyoike, an outspoken MP who had urged the Government to open a dialogue with the church and other critics, "a tool used by power-hungry politicians.

## Unknown group says it captured Glass

By Nora Boustany in Beirut

AN UNKNOWN group yesterday claimed responsibility for the abduction in south Beirut of Mr Charles Glass, the American newsman and said he was being investigated for spying.

It was the first statement from his kidnappers since he was grabbed with his host, Mr Ali Osseiran, the son of Lebanon's Defense Minister, and their driver on June 17. The hitherto unheard of Organisation for the Defence of Free People slipped an envelope with a type-written Arabic communique under the door of the offices of a local radio station in the port city of Sidon, according to the editor of Sawt al Watan.

The authenticity of the claim by the Organisation for the Defence of Free People remains difficult to prove since it was not accompanied by any proof such as a photograph. The typed Arabic responsibility claim was not dated.

The Syrian command in Beirut is still hopeful it can manoeuver the release of Mr Glass, who was a frequent visitor to Syria. Syrian officers assigned to the Lebanese capital see his apparently well-planned kidnapping as an affront to their prestige, aimed at discrediting a Syrian security plan enforced in and around Beirut last February.

A Syrian drive to restore confidence in its declared aim of making west Beurut safe for westerners again coincided with press and television reports, *still unsubstantiated, that* a number of foreign and American hostages, believed held in Beirut have been moved to Iran.

Britain's Independent Television News reported on Tuesday that two US hostages and missing British church envoy, Mr Terry Waite have been moved from Lebanon and are almost certainly being held in the Iranian holy city of Qom.

Shi'ite Moslems in Beirut were cited as saying that Mr Waite and the two Americans, Mr Terry Anderson and Mr Thomas Sutherland, had been moved by different land and sea routes to Iran. The report said the two Americans were believed to have been moved out in coffins, drugged and disguised as the bodies of Hizbullah gunmen killed in Beirut.

The Lebanese weekly Ash Shiraa, which first broke the Iran-US arms deal last November reported last month that some American hostages had been moved to Iran for planned trials on charges of espionage.

# AMERICAN NEWS

## Brazil to extend Paris Club debt moratorium

BY IVO DAWNAY IN RIO DE JANEIRO

THE Brazilian Government yesterday announced a formal extension of its debt moratorium on principal falling due this year to the Paris Club group of sovereign country creditors after failing to win agreement last month on a 90-day suspension of payments.

But Mr Luiz Carlos Bresser Pereira, the Finance Minister, insisted that the decision was not a hostile action. "This is not a confrontation, but merely to protect our reserves," he said.

In a telephone conversation with a Paris Club official yesterday, the minister repeated the *point in an effort to minimise* angry reaction from the sovereign creditors.

Delays in drawing up a new series of national targets for trade surpluses, public sector borrowing, and foreign exchange reserves, had led many analysts to expect the action. In essence it maintains the situation prevailing since January when the Paris Club agreed a temporary six-month delay in payment of $1bn falling due this year.

Mr Bresser also debated with senior officials yesterday whether to extend the payments suspension to $242m in

Luiz Carlos Bresser Pereira: no confrontation

interest rates falling due on the principal this year. But the proposal was rejected as excessively provocative. Last month, Brazil asked the Paris Club for a further 90-day extension of the January agreement suspending payments on 1987 principal. This was refused on the grounds that no accord had yet been reached.

Yesterday's decision appeared merely to confirm the status quo while awaiting the outcome of an International Monetary Fund (IMF) report on the country's new economic plan. The Paris Club has long argued that it cannot reach agreement with Brazil until the country accepts a *full* IMF accord on targets and objectives.

A multilateral agreement between the two sides on the refinancing of debt falling due in 1983-84 is not effected by Brasilia's decision. Exempting interest from the moratorium will come as a relief to those who feared a more aggressive stance.

One foreign diplomat said: "It would have totally reversed the whole positive atmosphere on debt that has emerged since Mr Bresser took control of the talks."

One option also under consideration was to pay interest only to those countries that have signed bilateral accords with Brazil over the past six months. These include France, Canada, West Germany, Italy and the Scandinavian countries.

However, many foreign countries say they have been ready to agree bilaterally but simply have not been able to set a diary date for talks with the Brazilians.

## Row over Rio bus riot cause

BY OUR RIO DE JANEIRO CORRESPONDENT

A FIERCE debate over the causes of one of the worst days of violence in Rio de Janeiro's history opened yesterday as municipal workers continued to clear up the damage from five hours of rioting.

Government officials blamed political agitators, implicitly targeting unionists and supporters of Rio's socialist ex-governor, Mr Lionel Brizola, for the protest over a 50 per cent increase in bus fares.

But some eye-witnesses said the trouble escalated only after military police attempted to halt a small group of protestors attempting to organise a bus boycott.

Whatever the truth, the outcome of the conflict left 19 buses burnt out, many more damaged, four shops plundered, 90 arrests and 58 injured after an afternoon of skirmishes between hundreds of rioters and police.

It was clear yesterday that many of Rio's poorer classes thoroughly approved of the violent response to the fare price rise, not least because a judge has now ruled the increase illegal and restored previous fares.

For many earning only minimum monthly wages of $45, the unexpected price rise would have left little change from their pay packets, given the long distances that city centre workers often have to travel.

Mr Otavio Castro Nogueiro, a 46-year-old father of two, spoke for many yesterday when he described the rioting as "excellent."

Despite a general condemnation of the violence from politicians, the Rio riot, following on the stoning of President Jose Sarney in the city last week, has markedly increased the atmosphere of tension as the economic recession begins to bite.

Many middle class Rio residents are alarmed that mob violence has emerged in their city, traditionally regarded as easy-going and complacent. Part of the explanation is said to lie with the dashed expectations that came after real living standards and purchasing power surged with last year's price freeze, then crashed again with the resurgence of inflation.

## Soviet Union 'agrees US missile proposal'

By Robert Mauthner, Diplomatic Correspondent

THE SOVIET UNION has agreed in principle to a US proposal, backed by Washington's Nato allies, that all intermediate-range nuclear missiles should be eliminated and that none should remain in Soviet Asia and the US, as originally intended, according to US reports.

The New York Times said that US officials were waiting to see if Moscow would formally table the proposal, which would mean that the Soviet Union was dropping its insistence that it should be allowed to retain 100 medium-range warheads in Asia in return for a similar number to be kept by the US in Alaska.

As part of the deal, the US would agree not to convert its ground-launched cruise missiles in Europe into sea-launched missiles, the newspaper said. It would also forego any right to convert its Pershing 2 medium-range missiles in Europe into shorter range Pershing 1Bs, which could be handed over to West Germany.

The newspaper said the compromise was outlined several weeks ago by Colonel General Nikolai Chervov, head of the Arms Control Directorate of the Soviet General Staff, in a conversation with Maynard Glitman, chief American negotiator on medium-range nuclear missiles.

Senator Richard Lugar, a prominent US Republican Senator, said yesterday that he was encouraged by reports that an agreement on intermediate range nuclear forces (INF) could be tied up when Mr George Shultz, the US Secretary of State, meets Mr Eduard Shevardnadze, his Soviet opposite number, in the middle of this month. But he indicated that effective verification procedures had yet to be worked out before the agreement could be concluded.

GORBACHEV'S REFORMS REMAIN DREAM FOR CUBANS

## Castro steers steady course

**Peter Ford, recently in Havana, examines the response among Cubans to the Soviet Union's introduction of 'glasnost'**

NEVER has business been so brisk at Havana's news stands for an official Soviet magazine. Suddenly, the weekly "Moscow News", which used to sit yellowing on the racks, is required reading.

For the "News" is full of "glasnost" and "perestroika", painting a picture of sweeping reforms in a socialist society that Cubans can only dream of.

President Fidel Castro has shown little enthusiasm for Soviet leader Mikhail Gorbachev's new direction. He has referred to it only vaguely in public statements, but in a recent speech insisted that "we are not obliged to copy... the socialist countries' experience.

"Often, when you get into the habit of copying, you make grave mistakes," President Castro told a congress of small farmers.

Until a year ago, those farmers had been selling their surplus fruit and vegetables in free markets, setting their own prices and finding their own customers much as their Soviet counterparts do.

But while Moscow has encouraged the practice, Havana closed the markets down in 1986, as part of President Castro's campaign for "the rectification of errors and struggle against negative tendencies."

Officials here, looking pained, like to recall the case of a garlic grower said to have earned 50,000 pesos, over five times a minister's salary, from his private sales.

Such free market kinks in a socialist economy could not be tolerated, the President explained to the farmers' meeting. "It seemed as if the revolution had come up with a new slogan. Not "proletarians unite", but "proletarians and peasants, enrich yourselves," he said.

Government leaders are wary when asked what they think about Mr Gorbachev's reforms. "We don't like to comment on the way each *country chooses to construct socialism,*" says Deputy Prime Minister Ricardo Alarcon.

"There are real cultural, physical and economic differences between socialist countries," he points out. "We have to maintain a correct balance between the value of foreign experiences" and the Cuban government's own methods.

Those methods, as the "rectification" campaign continues, involve tightening central control of the economy, and emphasising a revolutionary's moral duty to work harder and more efficiently.

President Castro has enlisted the help of the press in this, encouraging the state-owned media to abandon their traditional "triumphalism", and to be more critical of government failings.

But Cuban journalists have shown themselves less bold than their Soviet colleagues exploring "glasnost", and their boundaries are narrower too.

"This is not a Czechoslovakia 1968 style liberalisation of the press," cautions Ms Julia Garcia, president of the Cuban journalists' union. Asked to recall a big story that reporters had broken themselves, on their own initiative, Ms Garcia came up empty handed.

"The problem," suggests one foreign reporter here, "is that Fidel is the only investigative journalist in the country."

On the economic front, "rectification" has meant greater government control, depriving individual enterprise managers of responsibilities they enjoyed in the past, in a move running directly counter to the Soviet tendency.

Top planning official Mr Gilberto Valdez argues that Cuba's experience of de-centralisation was not a happy one.

When one state enterprise was competing against another for resources, he explained, "managers were saying that for them, the most important thing was their enterprise – above the interests of society as a whole."

To keep employees from seeking other jobs, for example, some managers were paying salary bonuses without demanding extra productivity, officials say.

The entire incentive programme is currently under review, and although material incentives have not been abolished, the government's stress is on "moral" incentives, such as being named a "vanguard worker."

In a mood reminiscent of the early years of the Cuban revolution, President Castro is eulogising "voluntary work, the spirit of human solidarity ... that led combaters to fight and die in the Sierra Maestra" against former dictator Fulgencio Batista.

"A revolutionary should think more with his heart and soul than with his stomach," echoes Mr Valdez.

Some foreign diplomats say President Castro has embraced 1960s idealism, rather than Mr Gorbachev's pragmatism, because the "Guevarismo" applied here soon after the revolution better suits his personal political bent.

## Chinese opt for Hollywood's old favourites

CHINESE audiences, starved of Hollywood saccharine since the revolution brought Mao Zedong to power in 1949, are to get another chance to see their childhood favourites thanks to a ground-breaking agreement between Twentieth Century Fox and the national television network in Peking, writes James Buchan in New York.

Under the agreement announced this week, the Central China Television Network will broadcast 52 old titles from Fox's extensive film library, including no fewer than six Shirley Temple vehicles.

"This venture marks the first time American films will be regularly available on the Chinese national television network," said Mr William Saunders, a senior vice-president of Fox, which is a subsidiary of Mr Rupert Murdoch's News Corp.

The films will be broadcast weekly at 4 pm, prime time in the People's Republic, beginning in October. While the deal includes such relatively recent films as the Sound of Music and Patton, most of the films selected were of pre-revolutionary vintage.

"It's not a case of our unloading titles nobody wanted," said Mr Michael Binkow, an executive of Fox in Beverly Hills. "The Chinese Government selected the older titles. Perhaps they like seeing films they saw when they were young." As part of the deal, Fox will keep six minutes of advertising time in each broadcast, which it believes it can sell dear.

"CCTV reaches 600m people in the largest country in the world," said Mr Saunders. Fox is marketing the slots to multinational companies in Japan, the US and Australia.

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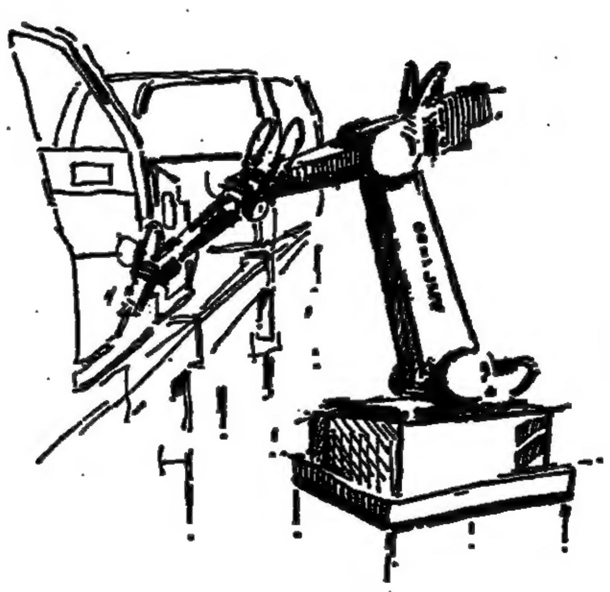

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# THE TOSHIBA AFFAIR

## Little scope for military amends by Japan

By David Buchan in Washington

JAPAN could make political, but probably not military, amends, for having let strategically sensitive Toshiba technology reach the Soviet Union, by enhancing its contribution to an ongoing US-Japanese anti-submarine warfare research effort. US defence officials suggested yesterday.

"This could be a cover under which Japan could contribute, without losing face over the compensation to the US government," that many Congress members are demanding, one defence official said. But the Defence Department is generally sceptical about any practical way in which Japan could redress the advantage many Soviet submarines now seem to have from quieter propellors made by Toshiba machines bought in 1983-84.

Japan spends little on military research, and is proprietary about what military technology it has, it is claimed here. British sonar technology would be more use than Japanese in detecting quieter Soviet submarines, officials say.

The strategic effect of the Toshiba sale is described as "very harmful," with some reports that the range at which the US can detect some Soviet submarines has been cut from 100 miles to less than 10. "The Soviets have traditionally kept their missile submarines fairly close to their coasts—now they will probably have the confidence to go further afield," said one official.

## Soviet machine sale rumpus nears clash

BY IAN RODGER IN TOKYO

THE SIMMERING row between Japan and the US over the illegal export of sophisticated machine tools to the Soviet Union by a Japanese company suddenly appears to be nearing a dangerous confrontation.

As in the case of the dispute over semiconductor trade early in the spring, it looks as if attempts by the two governments to resolve a thorny issue are being complicated by the growing public anger in the US against Japanese trading behaviour in general, and the tendency of the US Congress to reflect that anger.

This dispute, however, could become much more serious than the one over chips, in that it involves western security.

Until this week, the Japanese Government thought it had dealt more than adequately with the illegal export of machine tools to the Soviet Union by Toshiba Machine Co. So the vote by the US Senate to block imports of all products from Toshiba group companies has not only shocked but angered Government officials.

A senior official of the Ministry of International Trade and Industry (MITI) said yesterday it was unfortunate that the Senate bill came in the midst of the Japanese government's efforts to tighten its screening of technology transfers to Soviet bloc countries, after the discovery of the Toshiba Machine offences. "It (the bill) might be rather counter-productive in our efforts to secure western security," he warned.

The Japanese Government is a member of the Co-ordinating Committee for Export Control (Cocom), an informal association of governments that sets rules to prevent the transfer of strategically important technology to the Soviet bloc. The Japanese Government's view of Cocom is that it is a gentlemen's agreement and that each Government has the sole responsibility for punishing offenders under its jurisdiction. Tokyo also feels that a very severe punishment has already been imposed on Toshiba Machine.

The company has been prohibited from exporting to 14 Communist countries for one year. Last year. Toshiba Machine exported Y5bn worth of equipment to these countries, and was expecting a similar level of sales this year. It must also pay any penalties imposed by its Soviet bloc customers resulting from non-fulfillment of contracts through the ban. The Government will be watching carefully to make sure that it does not divert machines to other markets.

The Japanese feel that the Senate's move to apply a punishment to the entire Toshiba group is grossly unfair, as well as illegal. They say it betrays a serious misunderstanding of the way Japanese groups work. In this case, they say, even though the Toshiba group holds 50.1 per cent of Toshiba Machine shares, it does not control the company in practice and seemed not to have been informed of the subsidiary's sales of machines to the Soviet Union.

This explanation appears to have convinced Mr Caspar Weinberger, US Defence Secretary, who visited Tokyo early this week for discussions on defence issues. He had previously announced that he would be seeking compensation for the damage caused by the Toshiba Machine sales, but he left Tokyo apparently satisfied with nothing more than a vague assurance that Japan would help the US develop new ways to detect Soviet submarines.

The row has also raised expectations that Japan will involve US companies in the development of a new fighter aircraft, rather than build a successor to its ageing F-1 aircraft on its own.

The US Congress and public, however, are less likely to be moved by arguments. Instead, they may notice that, just as the Senate was passing its anti-Toshiba bill this week. General Wojciech Jaruzelski, the Polish leader, was on an official visit to Tokyo seeking to arrange finance for the construction of a Y100bn Japanese car factory in Poland.

Japan has mined a rich seam in trade with eastern European countries in the past few years. The country's exports to the Soviet Union and other eastern European countries have soared from a mere $448m in 1970 to a peak of $4.4bn in 1982. They were $3.8bn last year.

Ot various times, the products being exported to the Soviet bloc have been close to infringement of Cocom rules. On two occasions before the current Toshiba cases, minor infringements were detected by the Japanese Government and modest sanctions applied.

However, Miti, which was responsible for enforcing the Cocom guidelines, continued to take a rather relaxed attitude to them. Miti's view, which was shared in some western European capitals, was that the Cocom rules were inconsistent and that maly countries were judging infringements. Meanwhile, competition for Soviet bloc business was intensifying.

The ministry maintained an honour system, relying on companies to declare honestly what was involved when they applied for export permits. The inadequacy of that system has now come to light.

Rise and fall at Toshiba: (from left) Mr Joichi Aoi, new president; Mr Sugiichiro Watari and Mr Shoichi Saba, newly resigned as president and chairman respectively

## Norwegians form new company

By Our Oslo Correspondent

THE NORWEGIAN Government has set up a company called KV Defence, from the wreckage of the now defunct Norwegian industrial group Kongsberg Vaapenfabrikk, and as a means to protect its defence interests.

The decision to form the new defence company was taken after the Government had decided not to pump additional funds into the financially ailing state-owned company, which had several divisions.

The new company falls under the jurisdiction of the Ministry of Trade and has been funded with NKr 360m (£33.5m) in shareholders' capital and NKr 115m appropriated by the Norwegian Parliament.

Assets of the former KV group are being leased by the newly-formed KV Defence.

The composition, or "accord" procedure which the former Kongsberg Vaapenfabrikk group is undergoing, continues as a special Parliamentary committee which registers procedures with the various creditors.

On Tuesday, the Oslo bourse suspended trading in five outstanding bonds issued by KV, after the company had stopped paying interest and installment payments on two loans to Norwegian banks. It is not yet certain what action will be taken by the bond holders, who are likely to meet soon.

## Resentment of Tokyo grows in Washington

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

"WHAT YOU are getting is a real growth of resentment, even the perception of a threat from Japan," said one Senate trade expert yesterday, after the passage by the overwhelming margin of 92—5 of legislation calling for punitive sanctions against Japan's Toshiba Corporation.

"There is a sense that the Japanese care so little about us as a nation they are even willing to jeopardise our national security."

It has taken some weeks to gather steam but that resentment erupted on the Senate floor on Tuesday night. Senator Jake Garn, a conservative Republican, with the support of Senator William Proxmire, the Democrat who chairs the Senate Banking Committee, offered an amendment to the omnibus trade bill calling for penalties against Toshiba and the Norwegian company Kongsberg for supplying the Soviet Union with computer-controlled machine tools.

The US alleges that the tools have helped Moscow improve the design of submarine propellors to make them quieter and much harder to detect, so damaging US security interests.

Senator Garn's bill had two objectives. One was to impose mandatory sanctions on the two companies, including their subsidiaries and affiliates, banning them from selling their products in the US for two to five years.

The other was to strengthen the Export Administration Act to provide for sanctions to be imposed by the US in case of future violations, even though the alleged offences do not directly involve US companies. What the amendment proposes in fact is that the president be required to take action when other countries, in the US view, fail to apply their mechanisms for preventing sensitive technology reaching the Soviet bloc.

So, in effect, Congress is moving towards establishing laws to force foreign countries to administer their export control regimes more rigorously, and to impose penalties on foreign companies if they do not.

Whether these laws will get on the statute books is still uncertain. There are doubts about whether or not the omnibus trade bill, to which the amendment has been attached, will clear Congress and avoid a presidential veto.

The general feeling on Capitol Hill yesterday was that, even if the trade bill were to die, the legislation dealing with Toshiba and the associated tightening of the US Export Administration Act would resurface as a stand-alone bill.

In the House, which overwhelmingly approved a resolution this year to demand compensation for the sales of the machine tools to the Soviet Union, legislation is also moving. It could be joined to the trade bill when the House and Senate go into conference on trade law reform, or it could move independently.

Some administration officials have expressed concern that, if the legislation were to pass, the US could face retaliation, either in the shape of similar legislation passed by other countries to monitor US enforcement of export controls or, more simply, trade retaliation.

The general feeling on Capitol Hill, however, was that the announcement from Tokyo about the resignations of the senior Toshiba officials will do little to molify Congress, not least because it has come too late. Also, there is a widespread feeling that Mr Caspar Weinberger, the Defence Secretary, has misjudged the mood in Congress by announcing, after his recent visit to Tokyo, that Japan has adequately punished Toshiba. One Washington trade lawyer said yesterday the administration will have to impose a stiffer penalty on Japan to satisfy Congress.

As for the legislation itself, the sanctions against Toshibt and Kongsberg call for a ban on their exports to the US for between two and five years. However, the President is given the authority to waive partially the penalty for imports under contracts signed before May 1, for spare parts essential to US production and for essential defence procurement.

The scope of the sanctions could also be limited, at the President's discretion, to the extent the company or its subsidiary or affiliate was not implicated in the technology diversion, and if he can certify that the government's have implemented improved enforcement of cocom regulations and the firms themselves have implemented imroved controls.

But the bill proposes that the sanction imposed by the US be commensurate with the defence cost arising from the diversion and that the parent company may only escape sanctions if suitable compensation is agreed. Similar language is also built into the part of the bill that would strengthen the US Export Administration so as to deter future violations.

Some trade experts yesterday were questioning whether the backward-looking parts of the legislation, providing for punishment of Toshiba and Kongsberg for past failures, would be held constitutional if tested. The bill's sponsors argue that they would be constitutional because the president could act under emergency powers.

## Oslo threat to links with Nato

BY KAREN FOSSLI IN OSLO

MR THORVALD Stoltenberg, Norway's Foreign Minister, reacted strongly to the US Senate's decision to impose trade sanctions against the defence company Kongsberg Vaapenfabrikk (KV) after its violation of Cocom regulations.

If trade sanctions were implemented, Nato co-operation between Norway and the US would become "very unhealthy," he said.

The foreign minister also stressed that his country was awaiting the outcome of the Senate's proposal and said that it was just "part of a process" in which President Ronald Reagan could intervene.

Mrs Gro Harlem Brundtland, Norway's Prime Minister, and Mr Reagen recently exchanged letters on the matter.

KV was found recently to have violated Cocom regulations when it co-operated with Japan's industrial concern Toshiba to export numerical control systems to the Soviet Union. It is alleged by the US that this has damaged its security.

Kongsberg said it expected the decision by the Senate but added: "We hope it will not affect the Penguin missile contract."

Kongsberg has a NKr 275m (£25.6m) development contract, through the Norwegian Navy, from the US Navy to supply Penguins. Of the total, NKr 65m is being used to develop a new rocket motor in co-operation with Norwegian company Raufoss and the US-based Hercules company. The development contract terminates at the end of 1988, or in 1989.

If the trade sanctions were imposed, KV would lose a contract for about 192 missiles, at NKr 3-4m each.

The spokesman said that the Senate's decision represents a serious threat to the new defence division.

If KV were to lose the US contract, it could also lose other markets, including Australia, Canada and Spain.

They are interested in the Penguin but await US confirmation of the deal as a reference.



# OTHER WORLD TRADE NEWS

## Marriot to run hotel in Warsaw

By Leslie Colitt in Berlin

THE Marriot International hotel chain will operate Poland's largest hotel in Warsaw, which is to be completed in two years.

The 1,000-bed hotel is to occupy a tower, now partially-built, which was erected by Cementation International in the early 1980s.

The project was abandoned when Poland ran out of hard currency to pay for it and stands uncompleted opposite Warsaw's main railway station.

Marriot has joined a venture with Il Bau of Austria, and Lot, the Polish airline, to turn the abandoned complex into a hotel, a terminal for the airline, offices and a conference centre.

The project is to cost £55m and is being financed by a consortium of Austrian banks under Girozentrale. Kontrollbank is guaranteeing the Austrian share of exports in the project.

Poland permitted joint ventures only last year and this is one of the first to be arranged.

Il Bau is also to build hotels in other Polish cities that are short of accommodation.

## Unctad seeks debt strategy

BY WILLIAM DULLFORCE IN GENEVA

NORTH-SOUTH agreement on an improved international debt strategy was set yesterday as one of the goals of the seventh session of the UN conference on Trade and Development (UNCTAD), which is to open in Geneva next Thursday.

In a report to the conference, released yesterday, Mr Kenneth Dadzie, Unctad secretary-general, called for an "understanding" on a six-point strategy which would allow Third World states to renew development as well as service their debt.

His report cautiously challenged, without discarding completely, three prevailing orthodoxies over debt. They are that developing countries must stick to short-term, export-promoting programmes approved by the International Monetary Fund, that market forces should be allowed unrestricted play, and that each debtor country should be treated as a separate case.

Recognition of the common factors in debtor countries lies behind the first two of Mr Dadzie's six points. First, the major countries should adjust monetary and fiscal policies to strengthen demand, lower interest rates and enlarge trade access to their markets.

Second, a "more active intergovernmental presence" towards commercial creditors should be put in place. This point echoes recent proposals for a new multilateral agency to buy commercial bank debt at market prices and transform it into a more palatable form for debtor countries.

Mr Dadzie's remaining points would apply to specific country cases. They are:

- The import requirements of an agreed investment programme to achieve recovery and development must be satisfied.
- This programme must be fully supported by the amount and conditions of lending from multilateral financing agencies.
- A country's debt-service profile should accommodate both the expected stream of export earnings and its import needs.
- A full range of financial instruments should be available, including minimal margins, capitalisation of interest, debt-equity swaps, revaluation of commercial bank debt in line with secondary market rates, retroactive adjustment of terms or write-offs of official debt and refinancing of officially-guaranteed export credits.

A new allocation of Special Drawing Rights by the IMF, and a follow-up to Japan's plan to accelerate its development aid and to recycle part of its payments surplus, are also called for in the Unctad report.

Further, Mr Dadzie wants a new round of consultations on commodities between exporter and importer countries, despite past failures in Unctad's international commodity agreements. He links new talks with several options for financing diversification projects in countries dependent on commodities.

Unctad is supposed to be the main forum for negotiating on north-south economic issues. It meets in full conference every four years.

US objections that the Unctad secretariat's preparatary papers did not adequately cover the role of the private sector, and the likelihood that the US will not be represented at ministerial level, have raised fears that the conference could be as big a fiasco as the last meeting, at Belgrade in 1983.

However, the European Community intends to use the conference to raise a dozen precise issues and have them "passed to competent institutions for action," according to Mr Claude Cheysson, the Community commissioner for North-South affairs, who was in Geneva last week talking to heads of Third World delegations.

## Caricom moves to abolish internal trade barriers

BY CANUTE JAMES IN JAMAICA

THE 13 members of the Caribbean Economic Community have agreed to dismantle all barriers to trade within the group by September, 1988.

The decision by the political leaders of the community, at their annual meeting here, represents an attempt at totally free trade which the community has tried but not managed to achieve since it was established 14 years ago.

The step is regarded here as a breakthrough which could breathe life into the community. It has been divided by the tendency of several members to impose barriers to imports from their neighbours, in violation of the Caribbean Community Treaty.

The agreement on the 1988 target is also likely to lay the foundation for an improvement in intra-regional trade, which declined last year by 33 per cent, to a value of about US$290m.

However, Mr John Compton, Prime Minister of St Lucia and chairman of the summit, warned that it would be "several years" before trade between members of the community would reach the levels of the early 1980s, with values of about US$500m a year.

Conference sources said the agreement on dismantling trade barriers was achieved with surprising speed. It had been thought that two states, Trinidad and Tobago and Antigua, would object.

The Antiguan Government reported, however, that it was about to remove all barriers to trade with its neighbours, while Trinidad, which recently removed a 12 per cent stamp duty on imports from the community, said other restrictions, such as import licences, would be removed by the middle of next year.

"There was growth last year in all the economies of the community, except in Trinidad and Tobago," said Mr Compton.

"Restrictions do not help, and we hope that, after September next year, the agreement will be respected."

The summit is considering, however, the imposition of higher tariffs on several imports from outside the community, which are being and/or can be produced by members.

# UK NEWS

## Lawson demotes status of economic body

BY HAZEL DUFFY

THE GOVERNMENT has decided to reduce severely the status of the National Economic Development Council in a move which signalled its abandonment of any lingering support for a tripartite approach towards the management of the economy.

Mr Nigel Lawson, the Chancellor of the Exchequer, told the monthly meeting of the council yesterday that the council would in future meet only four times a year. He would chair only the meeting, after the budget. The other three would be chaired by ministers from other departments, and it was likely that the Chief Secretary to the Treasury would attend those meetings in his place.

A sharp reduction in the activities of the National Economic Development Office is also in store. Ministers will assess which of the 35 economic development committees and similar bodies, which analyse and recommend action programmes for industry sectors, merit continued financial support by the Government.

He said this was expected to lead to a "significant reduction" in their number.

Nigel Lawson: fewer tripartite meetings

Trade union leaders attending the council were as angry over the manner in which the statement was made, without prior consultation, as its content.

They stressed that as a tripartite body, all parties to the council should have been consulted. Mr Norman Willis, General Secretary, described it as "a sad day for a common-sense approach to deal with some of our problems."

The trade unions are currently considering whether next month to withdraw from the tripartite Manpower Services Commission over the Government's changes to it and its job schemes.

Mr John Cassels, director general of Nedo, had been given no prior warning of Mr Lawson's statement. Although he refused at the post-council press conference to give his personal view on the move, he was visibly shocked.

The Confederation of British Industry, which is the third member of the council, welcomed the decision on the other hand.

Sir David Nickson, president, said that the monthly meetings of the council had led to issues for discussion sometimes being "manufactured" and that there would be "better debate" on the basis of quarterly meetings.

In reply to trade union criticism of his method of making the announcement, the Chancellor said it would have been a sham to consult when the Government had already made up its mind, adding that it was the Government which funded Nedo.

Editorial Comment, Page 14

## Sharply higher investment 'vital'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE RATE of new investment in Britain will need to rise significantly over the next two years if the present economic growth rate is to be sustained, according to a new analysis by the National Economic Development Office (Nedo).

The study, prepared for yesterday's meeting of the Nedo council, says that the recent strong upturn in output has already brought signs of capacity constraints in some industries.

At present, these constraints do not appear to be a serious threat to further rises in output, it says. But if Britain is to maintain a growth rate of 3.5 per cent a year in the non-oil economy it is "vitally important" that investment should rise at a comparable rate.

The study highlights the depressed level of investment in Britain relative both to the country's competitors and to earlier periods when the economy was experiencing comparable growth rates.

Between 1981 and 1986 the ratio of net investment (new spending minus estimated capital consumption) in manufacturing industry to net output was minus 2.6 per cent. Between 1968 and 1973, a period when the average annual growth rate in the economy was exactly the same, there was a positive ratio of 5.5 per cent.

Nedo says: "The UK's investment ratio is lower than in any other of the major OECD economies apart from the US, and there is some evidence that manufacturing investment has actually worsened relative to these countries."

It cites several reasons why the investment needed to achieve comparable rates of growth has been lower in recent years. The sharp 13 per cent fall in manufacturing output in the recession of 1980-81 left manufacturing industry with substantial spare capacity. Part of this, particularly in declining industries, was simply scrapped, but a substantial proportion was available for use once output began to recover.

More encouragingly, it appears that there have been substantial improvements in industry's asset management and in labour flexibility, which has boosted the productive capacity of existing resources. Smaller increases in prices for capital goods than for other products and the technical developments such as advanced microchips have also improved efficiency.

Those factors, however, do not mitigate the need for industry to step up its investment now. Without greater spending not only on capital equipment but also on research and development and education and training, the present rate of output growth would risk a surge in imports and sharply higher production costs as capacity constraints began to bite.

## Government clears way for Murdoch to take over Today

BY RAYMOND SNODDY

MR RUPERT MURDOCH, chairman of News International, yesterday took control of his fifth British national newspaper after the Government decided not to refer his bid for Today to the Monopolies and Mergers Commission.

Lord Young, Trade and Industry Secretary, said he had decided against referring the £38m deal to the commission and had taken the decision quickly because he was satisfied "the paper would not have lived" if there had been a referral.

Mr Murdoch set a 4pm deadline yesterday for the deal to be completed. Mr Tiny Rowland, chief executive of Lonrho, which took control of Today a year ago, made it clear that the paper, which will lose £30m in the year to September, would close immediately if the Murdoch deal fell through.

Lord Young's decision caused anger in parliament. Mr John Smith, the shadow trade and industry spokesman, described the decision as "a breathtaking abdication of responsibility."

In the Lords Lord Bonham-Carter for the Liberals asked whether it was in Britain's interests that News International, which had 40 per cent of national press sales, should acquire a further title.

Earlier Lord Young had made it clear that normally his consent to newspaper takeovers could not be given without a report from the Monopolies and Mergers Commission.

"I can, however, give consent without such a report where I am satisfied that the newspaper concerned in the transfer is not economic as a going concern, is to continue as a separate newspaper and that the case is one of urgency," Lord Young said.

He was satisfied that the Today case met the special criteria.

Meanwhile the first woman to edit a national newspaper in recent times, Mrs Wendy Henry, was yesterday taking up the daunting task of editing the News of the World.

The vacancy was created when Mr Murdoch appointed the present editor Mr David Montgomery as the new editor and chief executive of Today.

Mr Murdoch's deal with Lonrho includes the purchase of the stakes of two original Today shareholders British and Commonwealth and Ivory and Sime.

● The Nihon Keizai Shimbun of Japan, the world's largest selling financial newspaper, began printing in Europe yesterday for the first time.

The paper is being delivered by satellite to a newspaper plant at Heerlen in the Netherlands. Because of the time differences readers in Europe will be able to receive their papers half a day earlier than Japanese readers. Nihon Keizai hopes to build up a European circulation of about 70,000.

## South of England rated top in economic wealth

BY HAZEL DUFFY

THE ENRICHMENT of the south of England in terms of population and economic wealth is confirmed in the official annual regional breakdown of national statistics published today.

These show that, even if there is not a rigid North-South divide, the incidence of disadvantage is considerably greater in regions outside the south. This is measured in terms of dependence on social security, the likelihood of being unemployed and numbers leaving school without qualifications, all of which is pushing people to move to the south if they can.

While the population of the UK increased by ½ per cent between 1980 and 1985, there were small falls in the North, North West and Scotland as a result of substantial net outward migration.

All regions apart from these three saw a net gain in population from international migration. But only Wales, East Midlands, East Anglia and the South West did not lose from population movements between regions.

## Telephone 'failings' may prompt penalties

By Nick Garnett

THE OFFICE of Telecommunications (oftel) is considering the introduction of a financial penalty against British Telecom because of its record on repairing faults and installing new equipment for business users.

The penalty would be in the form of further restrictions on the ability of BT to raise prices, which at the moment can be increased by no more than the retail price index, minus 3 per cent.

The warning to BT is made by Professor Bryan Carsberg, director general of Oftel, the regulatory body for the British telecommunications industry in his annual report, published yesterday.

Prof Carsberg says he has received a number of complaints about BT's practice of excluding liability for losses incurred by customers as a result of the group's failure to provide a service at the agreed date or because of a fault in the service. This is included in an exclusion clause in BT contracts.

"I take these complaints very seriously and I am concerned about the situation," says Prof Carsberg. "I am also concerned that BT has insufficient incentive under the present arrangements to repair faults quickly and to accept a contractual commitment for dates for providing new service."

"I am considering the case for making its performance in this regard an explicit in the price control formula."

Oftel is expected to issue a consultative document in the form of a questionnaire among some users about this issue, although Prof Carsberg makes no reference to this.

He refers to the Oftel report last year which noted that BT's service quality had been at least constant and perhaps slightly improved over the past few years.

However, he expresses concern about some parts of the service, including call-boxes and directory inquiries. He also reaffirms his view that BT should introduce itemised billing. British Telecom announced last year that it was conducting a trial into this.

## Ridley denies link between community files and voting list

BY PETER RIDDELL, POLITICAL EDITOR

REGISTRATION for new community chargesto be payable by all adults will be kept separate from that for voting, Mr Nicholas Ridley, the Environment Secretary, said last night in response to Labour charges that there would be a tax on voting.

However, he admitted that cross checking by local authorities between the annual electoral register and the community charge register was possible because the electoral register is publicly available.

He said that the Government would press ahead with the new charge, and that "many people voted for us on the basis that we would introduce the community charge. We should not let them down, and we will not."

The community charge will replace rates (local property taxes).

Mr Ridley said that the allegation that the change would mean people paying to vote, was groundless, because the right to vote would not depend on registration for, or payment of, the community charge. Equally, it would not be possible to avoid registration for the charge by failing to register to vote, and there would be two totally separate registers compiled on different bases.

During the continuing debate on the Queen's Speech, Mr Ridley sought to reply to the recent criticism of the proposed replacement of domestic rates, not least from ex-ministers and Tory backbenchers. He defended the planned charge on the grounds that it would give a much clearer signal to voters about the level of services.

Mr Ridley repeated re-assurances that those on low incomes would be protected both by the 80 per cent rebate and the uprating of income support benefits by the equivalent of 20 per cent of the average community charge nationally.

Mr Ridley also gave more details of the proposals on water privatisation. He said a preparatory paving bill early this session would permit compulsory trials to be undertaken of water metering for households. At present any metering is voluntary. He said this experiment would allow the impact of metering on demand and consumer behaviour to be tested.

The Government has not yet taken a decision as to whether it will be possible to include a second longer bill on water privatisation in the current session. But Mr Ridley said this looked "somewhat unlikely" in view of the need for consultation on revised proposals.

The Government's determination to tackle the inner cities was underlined yesterday by Mr Ridley and Mr Norman Tebbit, the Conservative Party chairman. In a party speech in London, Mr Tebbit said the Tories had to bring their message to people who "who not so far shared fully in economic progress," in the north of England, Scotland and the inner cities.

## Short Brothers walk-out

BY OUR BELFAST CORRESPONDENT

ABOUT 2,000 workers, almost a third of the labour force, walked out of the state-owned Short Brothers aircraft factory in Belfast yesterday over the flying of union flags and other Ulster Loyalist emblems in the plant.

The dispute was sparked when the management of the company, which has a predominantly Protestant labour force, removed flags put up by workers in preparation for the commemoration of the Battle of the Boyne on July 12, one of the key dates in Irish Protestant history.

Initially, about 700 workers stopped work but the numbers swelled to about 2,000 at lunchtime and they left the factory.

The workers claimed that the company had designated certain areas where flags could be flown after a similar dispute last year. The company denied there was any such agreement.

Sir Philip Foreman, chairman and managing director, said in a letter to all employees the company had a legal obligation to provide an atmosphere free from intimidation. If it could not guarantee this, the management would have no alternative but to shut down the affected areas.

# Judge attacks deals that undermine City

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

IF INSIDER dealing was not stopped it would destroy confidence in the integrity and efficiency of the London financial market and its ability to attract investment capital, a judge in London was told yesterday.

That, said Mr Robin Auld, QC, was where the mischief lay in insider dealing offences committed by Mr Geoffrey Collier, the former joint managing director of Morgan Grenfell Securities, part of the Morgan Grenfell merchant banking group.

Mr Collier admitted two charges involving shares in the AE engineering group and Cadbury Schweppes. Four similar charges were left on the file.

In August, 1986, Morgan Grenfell was asked by a US "predator," General Cinema Corporation, of Boston, which was interested in taking over Cadbury Schweppes, to build up a 4.9 per cent holding in Cadbury, paying up to 230p per share.

After Morgan Grenfell had started buying there was press speculation about a possible bid and buying was temporarily stopped.

During the lull Mr Collier telephoned a friend and former business associate in the US, Mr Michael Cassell, a stockbroker with Vickers Da Costa, and asked him to buy £30,000 of Cadbury Schweppes shares for him.

Mr Cassell ordered call option contracts for shares for himself and Mr Collier, the transaction being done in the name of a Cayman Island company, Pureve Investments.

Pureve, Mr Auld told Mr Justice Farquharson, was Everup spelled backwards. It had been formed by Mr Cassell and Mr Collier when they jointly bought an apartment but subsequently became controlled by Mr Collier alone. The shares, in which Mr Cassell and Mr Collier had invested between them £45,775, were sold at a loss of £15,000 when the price fell.

Turning to the AE dealing, Mr Auld said that last November Mr Robert Maxwell had been interested in making an agreed bid for AE through Hollis, of which Mr Maxwell was a director.

On Sunday, November 2, Mr Collier and his fellow joint managing director of Morgan Grenfell Securities, Mr Richard Holmes, attended a meeting at the Daily Mirror building at which the bid was discussed.

By the time he left the meeting Mr Collier knew that a bid for AE would almost certainly be announced early the next day and that, if it was to be announced, Morgan Grenfell would be instructed by Mr Maxwell to go into the market and buy AE shares at up to 260p per share before the announcement.

That night, said Mr Auld, Mr Collier stayed at Mr Holmes' house near London. At 6am the following morning Mr Holmes was telephoned and told that a bid was to be announced. "At about 6.15am, without Mr Holmes' knowledge, Mr Collier telephoned Mr Cassell in Los Angeles and told him to buy AE shares as soon as possible," Mr Auld said.

Mr Cassell placed an order on behalf of Vickers da Costa with London brokers Scrimgeour Vickers for 50,000 AE shares at a price up to 239p. The transaction was booked in Vickers da Costa's records in the name of Pureve Investments.

At 8.30am the agreed bid was announced, AE's shares shot up and Mr Cassell sold for £159,000, making a gross profit of £15,000.

Clive Wolman looks behind the Collier conviction

# First victim of tougher Whitehall powers

THE CONVICTION of Mr Geoffrey Collier is the most spectacular success of the Department of Trade and Industry (DTI) since insider dealing was first made a criminal offence in June 1981.

Before the Collier case, the DTI, although being presented with more than 100 cases of suspected insider dealing by the Stock Exchange since 1981, brought to trial only seven cases against nine individuals. Of these, four were acquitted and five convicted.

None of those prosecuted worked in the City of London, although one worked for a firm of Edinburgh investment managers. The most prominent person convicted, in April of last year, was Mr Maurice Naerger, a former retail sales director of W.H. Smith, who bought shares in Martin the Newsagent shortly before it was the target of a bid from W.H. Smith.

Mr Naerger was fined only £800 although he made £3,000 profit from the transaction. The other sentences imposed on those convicted on insider dealing were similarly light, one absolute discharge, one six months suspended prison sentence, and fines totalling £9,000 imposed on a husband and wife.

The DTI has brought so few prosecutions either because it has failed to find proof that the suspect had genuine inside information when he dealt or because the Stock Exchange was unable to discover the true beneficial owners behind offshore tax haven companies that carried out the suspicious deals.

However, last year's Financial Services Act has given the DTI inspectors far-reaching powers to compel witnesses to give evidence and supply documents.

The Collier investigation was the first in which these powers were made available to the DTI. Indeed, it appears that the sections of the Act granting the powers were brought into force two months ahead of schedule primarily to facilitate the Collier investigation.

In fact, the main case against Mr Collier was unprecedentedly straightforward and needed no special investigative powers. He was made aware of the pending bid for AE just the day before it was announced and his purchase of AE shares worth £117,000 was carried out less than an hour before the announcement. More important, when confronted by Morgan Grenfell with the evidence of his crime, he signed a written confession.

However, the DTI inspectors were able to show more initiative by going back through the records and finding several other cases of suspected insider dealing. Mr Collier originally denied that he had carried out any other deals. However, the way in which he purchased AE shares through his offshore company by making a telephone call to Los Angeles suggested self-confidence bred out of familiarity with the procedure.

Thus, the Collier conviction has not really tested the effectivness of enhanced powers of the DTI. But another investigation, into suspected insider dealing by officials at the Office of Fair Trading, which has failed to yield any results after seven months, suggests that the tougher investigation powers may not be sufficient to tip the scales against offenders.

However, the DTI has indicated that some other investigations that its inspectors are conducting into suspected insider dealing are likely to result in criminal prosecutions.

Since the Big Bang reforms last October, the Stock Exchange too has become more efficient in detecting suspicious price movements by electronic means using a system similar to that employed for several years by the New York Stock Exchange. It has also become more selective in the cases it has passed on to the DTI. Cases based on flimsy circumstantial evidence have not been submitted.

However, Sir Nicholas Goodison, Stock Exchange chairman, is currently embroiled in a dispute over insider dealing investigations with The Securities Association, the proposed new self-regulating organisation under the Financial Services Act. The dispute concerns which organisation should have responsibility for carrying out the initial investigations into insider dealing under the new regulatory structure.

# Securities chief broke dealing rules on previous occasions

MR GEOFFREY COLLIER, breached Morgan Grenfell's dealing rules on several other occasions. On one occasion last year, he bought more than £1m worth of shares in a company that was designated as a takeover target by a company which was a corporate finance client of Morgan Grenfell.

As in the deals for which he was convicted, he carried out the transaction through Pureve, his Cayman Islands company, and used the services of Mr Michael Cassell, who was based in the Los Angeles office of Scrimgeour Vickers, the stockbroking firm for which Mr Collier used to work.

The bid duly materialised. However, unusually the share price failed to rise substantially – and Mr Collier was forced to sell the shares at a loss within the stock exchange account period, as he lacked the money to pay for them by the Stock Exchange's settlement date.

Shortly afterwards, he bought another tranche of shares in the same company, on this occasion worth about £220,000, shortly before the Morgan Grenfell client raised the value of its offer. However once again the share price failed to rise and Mr Collier was forced to sell the shares at a loss.

The other deal in which Mr Collier broke Morgan Grenfell's dealing rules was in November 1985 when he spent about £250,000 buying the shares of Exco International, the money-broking firm.

This was shortly after Tan Sri Khoo Teck Puat, the Malaysian financier, bought a 22 per cent stake but before Khoo increased his stake further and clarified his intentions. Mr Collier sold the shares within a short period at a profit.

No charges were brought against Mr Collier for any of these deals as the inspectors of the DTI found no sufficient evidence that would have proved beyond all reasonable doubt that Mr Collier carried out any of the three deals on the basis of inside information.

However, each of the deals breached Morgan Grenfell's in-house rules as Mr Collier failed to get permission to carry them out and failed to disclose them after the event.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unemployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1986 | | | | | | | |
| 1st qtr. | 109.1 | 102.6 | 105 | 119.2 | 146.0 | 3,171 | 166.5 |
| 2nd qtr. | 109.3 | 103.6 | 105 | 121.2 | 154.9 | 3,202 | 175.6 |
| 3rd qtr. | 111.0 | 105.0 | 106 | 122.7 | 158.7 | 3,205 | 200.2 |
| 4th qtr. | 110.5 | 107.3 | 111 | 126.5 | 194.3 | 3,141 | 213.0 |
| October | 110.9 | 106.7 | 108 | 125.0 | 169.5 | 3,160 | 212.5 |
| November | 111.2 | 107.4 | 110 | 127.3 | 183.9 | 3,145 | 215.2 |
| December | 110.4 | 107.7 | 114 | 126.7 | 224.9 | 3,119 | 216.0 |
| 1987 | | | | | | | |
| 1st qtr. | 112.1 | 107.0 | | 125.4 | 157.0 | 3,073 | 218.4 |
| January | 111.1 | 105.6 | 114 | 123.5 | 158.4 | 3,114 | 210.2 |
| February | 112.9 | 107.9 | 108 | 127.0 | 154.5 | 3,066 | 207.1 |
| March | 112.2 | 107.5 | | 125.5 | 157.5 | 3,040 | 210.6 |
| April | 112.6 | 108.1 | | 130.0 | 160.0 | 3,012 | 212.9 |
| May | | | | 125.7 | | 2,954 | 231.2 |

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

| | Consmr. goods | Invest. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1985 | | | | | | | |
| 4th qtr. | 102.9 | 102.6 | 113.5 | 103.3 | 112.6 | 103.4 | 15.6 |
| 1986 | | | | | | | |
| 1st qtr. | 102.2 | 101.5 | 115.4 | 101.5 | 110.4 | 102.8 | 14.2 |
| 2nd qtr. | 104.7 | 100.6 | 115.4 | 102.1 | 110.1 | 103.5 | 19.5 |
| 3rd qtr. | 106.5 | 101.4 | 117.4 | 103.4 | 107.8 | 102.3 | 18.9 |
| 4th qtr. | 108.1 | 102.8 | 115.9 | 105.3 | 115.7 | 103.9 | 15.8 |
| September | 106.7 | 102.1 | 115.5 | 104.0 | 108.0 | 102.0 | 19.4 |
| October | 107.0 | 102.7 | 118.6 | 105.0 | 112.0 | 104.0 | 19.3 |
| November | 109.2 | 102.5 | 118.2 | 105.0 | 117.0 | 106.0 | 15.9 |
| December | 106.1 | 103.2 | 114.5 | 106.0 | 118.0 | 102.0 | 12.7 |
| 1987 | | | | | | | |
| 1st qtr. | 106.4 | 103.7 | 118.6 | 105.5 | 116.0 | 102.8 | 17.2 |
| January | 106.0 | 103.0 | 117.3 | 105.0 | 107.0 | 102.0 | 12.7 |
| February | 106.9 | 103.7 | 119.5 | 106.0 | 124.0 | 102.0 | 18.6 |
| March | 106.2 | 104.3 | 118.8 | 108.0 | 116.0 | 103.0 | 20.6 |
| April | 107.1 | 104.9 | 118.8 | 107.0 | 117.0 | 104.0 | 20.5 |

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Reserve US$bn* |
|---|---|---|---|---|---|---|---|
| 1986 | | | | | | | |
| 1st qtr. | 117.5 | 124.9 | −1,227 | +682 | +1,269 | 101.0 | 18.75 |
| 2nd qtr. | 121.8 | 128.5 | −1,551 | − 94 | +772 | 102.6 | 19.29 |
| 3rd qtr. | 122.6 | 138.5 | −2,873 | −831 | +646 | 103.1 | 20.14 |
| 4th qtr. | 130.5 | 142.4 | −2,882 | −758 | +846 | 100.5 | 21.97 |
| September | 126.2 | 139.3 | −831 | −184 | +258 | 102.3 | 22.42 |
| October | 127.0 | 139.6 | −715 | −100 | +226 | 101.5 | 21.90 |
| November | 132.2 | 146.7 | −1,080 | −384 | +354 | 100.9 | 22.01 |
| December | 131.6 | 143.9 | −887 | −272 | +266 | 100.1 | 21.85 |
| 1987 | | | | | | | |
| 1st qtr. | 131.6 | 133.2 | −1,125 | +665 | +1,164 | 100.5 | 22.75 |
| January | 124.6 | 131.4 | −517 | + 52 | +383 | 100.2 | 21.95 |
| February | 138.4 | 138.0 | −202 | +398 | +328 | 100.4 | 22.56 |
| March | 126.9 | 120.2 | −417 | +152 | +454 | 100.8 | 27.04 |
| April | 130.6 | 137.1 | −504 | − 96 | +419 | 102.4 | 29.81 |
| May | | | | | | | 34.68 |

FINANCIAL—Money supply M0, M1 and M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

| | M0 % | M1 % | M3 % | Bank lending £m | BS inflow £m | HP lending† £m | Base rate % |
|---|---|---|---|---|---|---|---|
| 1986 | | | | | | | |
| 1st qtr. | 4.1 | 21.4 | 19.2 | +6,383 | 2,228 | 7,375 | 11.50 |
| 2nd qtr. | 2.1 | 25.9 | 27.2 | +6,455 | 1,422 | 7,739 | 10.00 |
| 3rd qtr. | 5.9 | 20.2 | 15.4 | +6,996 | 188 | 8,223 | 10.00 |
| 4th qtr. | 7.6 | 15.3 | 14.1 | +10,331 | 2,814 | 8,178 | 11.00 |
| October | 6.2 | 19.1 | 14.5 | +3,488 | 1,951 | 2,759 | 11.00 |
| November | 6.4 | 28.4 | 19.0 | +3,347 | 160 | 2,635 | 11.00 |
| December | 10.1 | 6.6 | 9.1 | +3,196 | 703 | 2,784 | 11.00 |
| 1987 | | | | | | | |
| 1st qtr. | 1.2 | 20.6 | 20.2 | +6,003 | 1,475 | 8,881 | 10.00 |
| January | 7.7 | 18.1 | 12.5 | +1,698 | 456 | 2,695 | 11.00 |
| February | 9.1 | 10.9 | 17.6 | +2,579 | 472 | 2,948 | 11.00 |
| March | −3.8 | 33.8 | 29.4 | +2,686 | 547 | 3,238 | 10.00 |
| April | 0.1 | 20.7 | 33.6 | +2,904 | 727 | 3,060 | 9.50 |
| May | 5.5 | 37.2 | 32.7 | +2,748 | 821 | | 9.00 |
| June | | | | | | | 9.00 |

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | Reuters' cmdty. | Sterling |
|---|---|---|---|---|---|---|---|
| 1986 | | | | | | | |
| 1st qtr. | 179.1 | 132.4 | 142.4 | 96.2 | 96.9 | 1,825 | 75.1 |
| 2nd qtr. | 184.9 | 125.8 | 145.7 | 97.8 | 98.7 | 1,714 | 76.1 |
| 3rd qtr. | 187.4 | 120.8 | 146.3 | 97.9 | 98.2 | 1,464 | 71.9 |
| 4th qtr. | 191.0 | 127.4 | 147.4 | 99.1 | 98.2 | 1,608 | 68.2 |
| October | 188.3 | 124.3 | 147.0 | 98.5 | 98.1 | 1,575 | 67.8 |
| November | 191.2 | 127.5 | 147.4 | 99.3 | 98.1 | 1,612 | 68.5 |
| December | 193.4 | 130.4 | 147.9 | 99.6 | 98.8 | 1,638 | 68.4 |
| 1987 | | | | | | | |
| 1st qtr | 192.1 | 130.0 | 149.3 | 100.3 | 100.5 | 1,539 | 68.9 |
| January | 190.4 | 131.9 | 148.5 | 100.0 | 100.0 | 1,603 | 68.5 |
| February | 191.2 | 129.6 | 149.3 | 100.4 | 100.7 | 1,491 | 69.0 |
| March | 194.6 | 128.4 | 149.7 | 100.6 | 100.7 | 1,539 | 71.9 |
| April | | 128.7 | 150.5 | 101.8 | 101.6 | 1,554 | 72.4 |
| May | | 128.5 | 151.0 | 101.9 | 102.2 | 1,612 | 73.3 |
| June | | | | | | 1,629 | 72.6 |

* Not seasonally adjusted.
† From January 1986 includes amounts outstanding on credit cards.

# UK NEWS

HELICOPTER CRASH REPORT DESCRIBES MECHANICAL FAILURE

## Call for Chinook fault monitoring

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE INTRODUCTION of a monitoring system for mechanical faults in Boeing Chinook helicopters is recommended in the report of the official inquiry into last November's crash of one of the aircraft off the Shetland islands, north of Scotland, in which 45 people died.

The report argues that such a monitoring system would have given the Chinook pilot at least 30 minutes' warning of any mechanical malfunction, enabling him to take action to avoid the crash, such as an emergency landing on the sea.

Sheriff Principal Stewart Bell, in charge of the accident inquiry, says in his report to the Transport Secretary that Captain Pusht Vaid, the Chinook pilot and one of the survivors, was blameless.

The report finds that the accident was caused by the failure of the spiral bevel ring gear in the forward gearbox of the twin-rotor aircraft, which caused a chain of events leading to the crash.

A combination of corrosion and fretting had caused a groove to form in the gear wheel. This provided a site for the spread and growth of fatigue cracks and the fracture of the ring gear. This in turn led to the blades of the twin rotors losing synchronisation. They collided and the helicopter crashed.

Mr Bell stresses the urgency of the need for monitoring systems and said he was taken aback by the suggestion that their development might take five years.

"I am advised that condition monitoring is not a new principle. Its introduction would be expensive. Considerations of expense should be far outweighed by considerations of safety for persons travelling in helicopters."

The report says that British International Helicopters, the Chinook operator, carried out the maintenance of the Chinook according to the instructions of Boeing Vertol of the US, the machine's manufacturer.

Mr Bell poses two questions: were any fretting corrosion tests carried out by the manufacturers, and if not, why not?

He says that the absence of evidence from Boeing Vertol made consideration of these matters more difficult. Such tests, he says, would have been desirable.

The Chinook Disaster Legal Group, representing lawyers acting for the victims, said yesterday it was satisfied with the inquiry's outcome.

The next stage of the legal battle to win compensation will be a debate on whether claims should be heard in the US rather than the UK.

Lawyers for the victims' families argue that the maker of the Chinook has its headquarters in Pennsylvania and that the case should therefore be heard in the US.

## Coal-burn incentive for industry

By Maurice Samuelson

BRITISH COAL is offering to supply coal to industry on a "pay as you burn" basis in order to win business from oil now that the Government has stopped financing conversion of factories to solid fuel.

The scheme is part of a financial package aimed at minimising the cost of installing expensive new coal-burning equipment which, until this week, had been supported by grants from the Department of Energy.

British Coal's quest for more industrial business, already reeling from collapse in oil prices over the past two years, was further jeopardised last November when Mr Peter Walker, then Energy Secretary, said that from the end of June this year the Government would scrap the system of grants covering up to 25 per cent of the cost of installing coal-fired boilers and related equipment.

Since then, Mr Malcolm Edwards, British Coal's commercial director, has been trying to put together an alternative financial scheme which would tempt industrialists to change to coal with

Since 1982, the Government had allocated £75m, in grants for conversion to coal from oil and gas, encouraging companies to invest more than £300m, in new boiler plant and boosting coal orders by about 3m, tonnes a year.

## Advanced Harrier draws interest

BY OUR AEROSPACE CORRESPONDENT

THE ROYAL Air Force and other European air forces are already showing interest in the proposal by British Aerospace (BAe), Rolls-Royce and McDonnell Douglas of the US to develop a new, advanced version of the Harrier vertical take-off fighter.

The new aircraft, first announced at the recent Paris international air show, will be a development of the Anglo-US AV8B Harrier II, of which 328 aircraft are on order for the US Marine Corps (with some 72 already in service) in a programme worth more than $5bn, and 62 on order for the RAF in a $1bn programme.

The first AV8B Harrier II was handed over to the US Marines in 1984, but the first of these aircraft for the RAF (which calls them Harrier GR Mark 5s) was handed over yesterday at a ceremony at BAe's Dunsfold, Surrey, airfield.

Although the Harrier II programme still has many years to run, with additional sales still being sought worldwide, the three manufacturers involved now feel that they have sufficient improvements available in engines and systems to offer an even more advanced version, for an even wider variety of missions, for those air forces that need it.

The new version, which is still only in the earliest concept planning stage, will feature an uprated Rolls-Royce Pegasus engine, giving 3,000 lbs more thrust at 24,700 lbs.

It will also include an advanced radar enabling a wider variety of tasks to be performed, including air and fleet defence, surveillance, and anti-ship attack, as well as the close air support and light attack roles of the AV8B itself.

## EC doubles regional jobs loan fund

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE AMOUNT of money for cheap loans for job creation in Europe's steel and coal closure areas has been more than doubled to £280m, the European Coal and Steel Community said yesterday.

At the same time, rules have been tightened to shift the emphasis towards smaller, growing companies employing under 500. The scheme – under which some loans will be available at interest rates as low as 5 per cent – will be run by banks and other financial institutions.

Details of the scheme are different in some respects from those announced yesterday by 3i, the venture capital group, and reported in the FT.

Demand for the loans – which must go towards capital spending – rose to twice the £130m that was available previously, but the bulk of that money went to big companies.

These will still be able to apply for the loans but smaller companies will get them more cheaply – a subsidy of 3 percentage points on interest rates rather than 2 points.

They will also be helped by another rule which makes terms more favourable for the first 75 jobs created. Two-thirds of these will qualify for calculating the total subsidy, while only half the new jobs above the break point of 75 will do so.

The way the scheme works is that the number of qualifying jobs is multiplied by 20,000 Ecus, currently worth £14,000. This gives the amount that can be lent, at the cheap rate – up to a ceiling of half the capital costs of the project concerned.

The gross interest rate charged will depend on location, with the normal rules of selective regional assistance applying. For qualifying applicants, the gross rate may be as low as 8 per cent, with the Department of Trade and Industry underwriting currency losses that may arise from the Community raising the money initially in countries with low interest rates.

The biggest operators of the scheme in the UK are Barclays, NatWest and 3i – the venture capital group owned by the Bank of England and the main clearing (commercial) banks which lent £110m over 10 years under the old rules. The leading Scottish banks will be acting for their clients.

# MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

NORTH AMERICAN advertising agencies are in a state of flux. The cream that once flowed freely from contented clients is diluted, and less of it is being tipped into the traditional agencies' pails. Ironically, Martin Sorrell's WPP buy-out of J. Walter Thompson Inc. could be the right move at the right time. Companies' promotion budgets are shifting to areas other than advertising, so agencies with their broad client bases are positioned to play a focal role in this broadening of the communications process.

Nonetheless, the diversification of clients' needs has caught some large agencies napping. The signs were there over five years ago, as major advertisers like General Foods, Gillette, and Colgate began shifting larger amounts from the classical advertising shops towards sales promotion and direct response. But it is only in the last year or so that the major agencies have had the services in place.

"For years agencies have done business by rote," says Julian Clopet, chairman of Ogilvy and Mather Canada. "We haven't really fulfilled the unfulfilled needs of our clients. We have offered essentially the same services for the last 20 years. Because of the commission system we have been able to run accounts without financial consequences because it has all fallen through to the bottom line."

Now, that commission is under serious attack; last week's news that General Foods, which spends around $350m a year in advertising in the US media, is cutting back on commission to its agencies, is strengthening the incentive to move into the higher profit segments.

Industry figures show that over the past five years media advertising has dropped from 43 per cent of the total budget of major marketers to around 35 per cent last year; below the line consumer promotion, however, has jumped from 22 per cent in 1982 to 32 per cent last year, while trade promotion has remained steady at 34 per cent. In 1985, marketers spent a total of $85bn on the two elements of sales promotion (trade and consumer) in the US, against $55bn on advertising—and the gap is widening.

"You don't have to be a financial genius to realise that if you want to participate in a growth area, you ought to acquire that ability," says Mitchell Kurz, a senior corporate vice-president at Young & Rubicam, New York. "Now we take a portfolio manager's approach to our clients' communication needs." It was only six months ago that Kurz added the title of director of integrated marketing, reflecting Y&R's realisation that clients were demanding more than an advertising agency.

"THIS IS MR. TIMPSON, HE'S OUR PESTERING PEOPLE IN THE STREETS CONSULTANT."

## When the client wants jam today

**Tony Thompson on the changing recipe of the promotions cake**

For some years Y&R has owned two major direct response shops: Wunderman International and Stone & Adler Direct; Cato Johnson, a consumer promotions house; and Burson Marsteller, the international public relations company. Last year Y&R brought the direct response and promotions units together internationally under the newly formed Young & Rubicam Advertising company. Burson was not included because of client conflict.

"Those agencies that only have an advertising capacity tend not to be very objective at the planning stage when budgets are being set," says Kurz. "Naturally, they will say that the majority of funds should be spent in advertising. An agency with more units can be a lot more objective."

Clients themselves are aware of the change. Procter & Gamble, which last year, with its Richardson-Vicks acquisition, spent $1.35bn in media advertising, believes there is a continuing long-term trend away from media advertising. A P&G report noted that retailers were concentrating on special promotions and in-store help in moving products, which they see as better use of money than traditional advertising.

A wide range of services is what clients now appear to be seeking when they hunt for a new agency. It was having a variety of units that helped O&M Canada win the C$5m Glaxo account in May. Glaxo's vice-president of marketing, Paul Lucas, said at the time that O&M had been chosen because "we needed one agency to work on all aspects of our marketing mix."

The changes in emphasis are particularly noticeable in Canada because the country is "sufficiently large to be sophisticated, but sufficiently small to recognise those changing needs," says Ogilvy's Clopet. During 1986, 45 per cent of O&M Canada's turnover was outside the traditional advertising business and in other communications activities.

The switch in emphasis could be bad news for the smaller national agencies for which danger signals have been flashing for years. Not only do they lack the resources of the multinationals but in Canada, certainly, the resources are not even available. About five years ago when direct response started to become a marketforce in Canada, there were too few experienced Canadians to meet the demand. The problem was simply solved by the multinationals—they just shipped their ready-made companies to Canada, complete with trained executives to run them.

Now, in the words of Jim McCoubrey, chairman of Y&R Canada, "sales promotion is moving from being a cottage industry in a small entrepreneurial endeavour into more of a network operation. This moving more money below the line is a reflection of companies' needs to get sales today."

Without a network the smaller shops will either have to hope for a merger with those larger ones that can offer a fuller range of services. Everett Elting, chief executive of Grey Avertising (once the world number one in billings) Canadian arm remarks: "I think there was room for smaller shops as big agencies became too big to fill specialised needs. What we at Grey have tried to do is to focus on these specialised areas. If we are successful, and if other agencies are, then there will be less room for the smaller agencies."

The threats to the small shops are coming from all directions. Saatchi & Saatchi DFS Compton, already well established in the US through acquisitions (Ted Bates being the latest), has lost little time broadening its Canadian operation to meet the new demands of its clients, says Saatchi's chief executive in Toronto, Peter Green. Shortly after it entered the country through a purchase of a Canadian agency, Saatchi opened a direct response shop. Then it added Umbrella, a graphic design studio; Blue Moon, a casting and film production studio; and in the past few months, Taladar, a sales promotion house. Still to come are public relations and possibly a research unit.

Saatchi calls in the headhunters when it opens a new unit. Green says it has a policy of not transferring executives between disciplines. "In the past agencies have taken an account director and said: 'OK, now you're a PR guy.' We have hired people from outside to do this."

At Ogilvy there has been a trend to move people from the agency as traditional advertising budgets lose to the other services. Instead of finding themselves jobless, Ogilvy executives are often offered career opportunities in other parts of the organisation.

Y&R has what the agency calls a "swappers programme," where executives spend time with other companies to learn how they fit into the total marketing mix.

But, for all the enthusiasm about the present trends, some have reservations about their long-term durability.

"These businesses are incredibly sales and service intensive, tending to be driven by one or two people who work seven days a week," says McCoubrey. "Essentially it is a creative business. If you lose those people, then you are out of business. Sales promotion is not a transferable science; it doesn't have the 'black box' that public relations, direct marketing or the advertising business has.

"The longer term outlook has to be for people to establish their brands or their companies properly. To be in a war for a short-term incentive for a consumer purchase leads nowhere. I'm very confident that this is a short-term phenomenon, and in the longer term we will see better targeted advertising in support of brands taking over and the dropping percentage of dollars now going to advertising for the general marketing mix will be reversed and advertising will take an increasing share."

However, there will be little double cream around the advertising agency executive offices for a while yet. Except perhaps for Martin Sorrell. His WPP Group, with its purchase of JWT, now has a rich herd of clients for WPP's sales promotion business. Whatever WPP's intentions, most people agree, they'll draw off some pretty rich milk.

Customer relations

## Beware alternative suitors

**Michael Skapinker on buying, selling, matrimony and divorce**

HAS THE magic gone out of your marriage? Is your idyllic honeymoon nothing but a distant memory? If so, Alan Melkman thinks he can help you.

Melkman is not a marriage guidance counsellor. He is the managing director of an organisation called Marketing Dynamics which advises *companies on ways to hold on* to their customers. But he draws unashamedly on all the cliches of conventional matrimony. The ingredients of a good relationship between seller and buyer are, he insists, the same as those of a successful marriage.

To Melkman, the initial contact between a company and a customer resembles nothing so much as early courtship. The potential customer is wary and reluctant to make a commitment. The intending seller, while on his best behaviour, is also at his most insistently persuasive.

The tie between a seller and a long-term buyer is, he says, like a marriage of many years' standing. The customer begins to feel taken from granted, perhaps starts experiencing the "seven year itch," and, if sufficiently disgruntled, begins to look around for alternative suitors.

The seller, for his part, begins to find the customer inexplicably distant and uncommunicative. It is at this point, Melkman says, that supplying companies start complaining that "my customer doesn't understand me."

There is much more of this sort of thing in Melkman's analysis. A lot of it seems somewhat contrived, although he fortunately resists the temptation to include any mother-in-law jokes.

He concedes that his marriage analogy, which he presented to a British Institute of Management seminar last month, is not meant to be taken entirely seriously. But it does, he argues, provide a framework for understanding the relationship between suppliers of goods and services and their customers.

Once you know what the various facets of that link are, Melkman claims, you are in a position to ensure that your customers do not feel the urge to turn to your competitors.

There are, in his view, four stages in the development of the relationship between seller and customer. They are:

- Courtship. This lasts until the first order has been placed and takes various forms. There is the "whirlwind romance," when the salesman immediately gets a warm reception. The potential buyer likes the product and places an order in a matter of weeks.

A second variation on the courtship theme is the "third time lucky" phenomenon. The first couple of approaches by the salesman are rebuffed. But he persists and is suddenly rewarded with an order. The admiring customer marvels that "I kept putting him off, but he kept coming back."

- Engagement. This phase, which follows delivery of that first order, is crucial. The order at this stage probably represents only a small proportion of the customer company's requirements, placing it in a strong position. The company now has to decide whether or not the product lives up to its initial expectations. If not, it can end the relationship by declining to place a second order.

### Highest point

- Honeymoon. This begins when the purchasing company decides to increase its dependence on the supplier. At this point, the balance of power shifts and the purchasing company becomes more and more dependent on the seller. The relationship reaches its highest point so far. In the eyes of the purchasing company, the supplier can do no wrong.

The problem, Melkman says, is that most sellers fail to recognise the strong position they are in. If they did, they would take steps to extend the honeymoon.

- Wedlock. The supplying and purchasing company slip into a long-term relationship. Once this has happened, Melkman says, complacency often sets in. The supplier fails to notice when the customer's needs change or when his own standards of service slip.

At each stage, Melkman contends, the supplying company can behave in a way which either improves or damages the relationship with the customer.

During courtship, for example, it is important that the product is attractive and that it is presented in a professional way. The potential buyers should feel that they are getting personalised attention. Greeting them by name when you see them helps. Inviting potential customers to visit your factory is another good idea.

The purchasing company also needs to feel that it is getting a bargain of some sort, Melkman says. A lower price is obviously one attraction, but there are others, such as an offer of free advice.

What sorts of behaviour are counter-productive during this initial phase? Pressuring the customer, making nervous product presentations or offering something which is too good to be credible.

During the engagement period, Melkman says, it is important to build up trust. For example, an industrial catering company which was installing a restaurant had an open day for the customer's employees.

During the courtship period, the supplying company's contact with the customer will have been limited to a few people. Engagement is a time to get to know a larger number of people within the purchasing company, he says. In doing so, however, it is important to assure the buyers that you are not going behind their backs or weakening their authority.

Other sorts of behaviour to be avoided at this point include pressing the customer to make larger orders while it is still trying out the product.

The time to push the customer to buy add-on products and services is during the honeymoon period. Remember, Melkman says, that this is the point at which the seller is in the strongest position. At the same time, it is crucial to maintain the personal touch. Changes in price, for example, should be communicated personally and in advance.

Once the relationship moves into wedlock, the seller should constantly think of ways to increase collaboration with the customer. One manufacturer, for example, installed computer terminals in the offices of its dealers, so that it could keep track of their stock levels and anticipate their orders. This meant that any potential competitor who wanted to win the dealers over would have had to replace the terminals.

Above all, Melkman says, if your customers tell you they are perfectly happy, don't take their word for it. They are not going to tell you about their flirtations with your competitors.

# FT LAW REPORTS

## Tour operator not liable for asthma attack

KEMP v INTASUN HOLIDAYS LTD

Court of Appeal (Lord Justice Kerr and Lord Justice Parker): May 20 1987

**A TOUR operator is liable for consequences which flow naturally from his breach of contract, and for any additional consequences which should reasonably have been within his contemplation when contracting; and information which is not part of the booking arrangements, but is given to the travel agent in casual conversation, is not sufficiently within the tour operator's knowledge to give rise to contractual consequences.**

The Court of Appeal so held when allowing an appeal by Intasun Holidays Ltd (now called ILG Travel Ltd) from an award of damages made by Judge Lee in the Worcester County Court, in favour of Mr Alan Kemp.

LORD JUSTICE KERR said that on February 2 1984 Mrs Kemp and her daughter called at Thomas Cook to choose a summer holiday.

There was a conversation with one of the assistants in which Mrs Kemp referred to the fact that her husband suffered from asthma. She said he could not be there because he was ill, and that because of his health special insurance was required.

It was decided they should choose a holiday at a hotel called America 1 at Calas de Mallorca. The relevant booking form and an insurance proposal form were taken away by Mrs Kemp.

By February 29 the Kemps had completed the booking form and returned it, and it was accepted by Intasun. Accordingly by that date the contract was concluded between the Kemps and Intasun on the terms of the booking note.

The booking note had a space for " special requests," but nothing was inserted in it.

The first 30 hours of the holiday proved disastrous. The America 1 was full up, and the family was taken to a Spanish hotel called Las Chihuahuas, which was of nothing like the same quality.

They were taken to a room in the staff quarters. It had a broken window filled with bricks, glass on the floor, and it was filthy and very dusty. The toilet had no door and the shower did not work. There were two single beds, and a portable bed which they could not operate.

The room's dusty and dirty condition had a particular effect on Mr Kemp's asthma. He had an attack which caused him and his family considerable distress. He suffered from it throughout the 30 hours spent in that insalubrious room, and continued to be affected for several days.

Mr Kemp sued Intasun on behalf of himself and his family.

Judge Lee awarded £1,000 for breach of Intasun's contractual obligations. He divided the award into two parts. The first part was £400 for inconvenience, discomfort, loss of enjoyment and disappointment. That was not appealed.

The second part was £800 for the consequences of Mr Kemp's having suffered an asthma attack due to the state of the alternative accommodation. Intasun challenged that as a consequence which was too remote to be recoverable.

The judge had said that to succeed on this point Mr Kemp must prove that Intasun "had knowledge of his asthma and associated problems." He found that asthma was sufficiently uncommon to be not normally in the contemplation of Intasun —"it would, however, be sufficient if the defendant's agent was told."

Once Intasun had knowledge, he said, the circumstances in which it came to know were irrelevant, as was the purpose for which the information was given.

He held that knowledge was attributable to Intasun.

The relevant test was not formulated entirely accurately or completely when the judge said that Mr Kemp must prove that Intasun "had knowledge of his asthma and associated problems."

Intasun was responsible for all the consequences which it could reasonably have contemplated as liable to flow from its breach of contract (see *Koufos v Czarnikow [1969] 1 AC 350*).

It was clear that the foreseeable consequences of a breach of contract of this kind would always include distress, discomfort, disappointment. For that the £400 was awarded.

But the responsibility of a tour operator did not necessarily stop there. He must also accept liability for any other consequences which should have been in the reasonable contemplation of the parties if they flowed naturally from his breach and caused additional foreseeable loss or damage.

The issue really was whether Intasun should have reasonably contemplated that the conditions in a room provided by way of alternative accommodation, might foreseeably be injurious to Mr Kemp's health.

The answer was in the negative. Mrs Kemp answered the question frankly in evidence when she said that had her husband not been susceptible "we'd have had an unpleasant 30 hours or so, but no more."

That must be read in the context of the judge's unchallenged finding that asthma was not sufficiently common to be in Intasun's reasonable contemplation and foreseeable.

Mrs Kemp's evidence was that her conversation in Cook's was casual and not part of the booking arrangements. The judge was in error in attributing any contractual consequences to that casual conversation.

At the time of the conversation Thomas Cook was not the agent of Intasun, let alone for the purpose of receiving or passing on the content of the conversation. Whether it became its agent at a later stage and for what purpose it was unnecessary to decide.

The circumstances in which Mrs Kemp's remarks were made and the position which Thomas Cook then occupied entirely precluded the court from holding that the limited knowledge about Mr Kemp's state of health which a Thomas Cook assistant happened to acquire casually, had any consequence for Intasun's contractual obligations.

The £800 was not awarded for any consequence which flowed in the ordinary course of events from Intasun's breach.

The appeal would be allowed and the award of £800 struck out.

LORD JUSTICE PARKER agreeing said that he could not accept that a casual conversation in February was sufficient to bring the asthma attack within the contemplation of the parties, even if knowledge of it were imputed to Intasun.

*For Intasun: Conrad Dehn QC and Alastair McCallum (Robbins Olivey & Blake Lapthorn, for Sampson Wade, Bradford).*

*For Mr Kemp: Anthony Lowe (Trower Still & Keeling, for Desmond & Holder, Worcester).*

**By Rachel Davies**
*Barrister*



## NOTICE OF REDEMPTION TO THE HOLDERS OF ECU 40.000.000 THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.V. 11 1/2% GUARANTEED BONDS DUE 1993

NOTICE IS HEREBY GIVEN that pursuant to paragraph 6 (b) of the Terms and Conditions of the above Bonds and in conformity with the Fiscal Agency Agreement dated as of 9th August 1983, ECU 4.500.000 in principal amount of the above Bonds will be redeemed on 9th August, 1987, at par (the redemption price) together with accrued interest thereon to said redemption date. The drawing has taken place on 12th June, 1987, in Luxembourg.

Serial numbers of the Bonds to be redeemed are set forth below on groups from one number to another number, both inclusive:

| | | | |
|---|---|---|---|
| 02212 - 02403 | 02504 - 02511 | 02947 - 03046 | 04289 - 04388 |
| 04854 - 04953 | 05142 - 05241 | 06318 - 06417 | 09258 - 09357 |
| 11606 - 11675 | 11776 - 11805 | 12837 - 12900 | 13001 - 13136 |
| 14519 - 14618 | 17038 - 17131 | 17232 - 17237 | 18157 - 18205 |
| 18306 - 18456 | 18570 - 18626 | 18727 - 18769 | 19398 - 19442 |
| 19543 - 19597 | 19612 - 19671 | 19772 - 19811 | 20566 - 20665 |
| 21274 - 21285 | 21386 - 21573 | 21992 - 22047 | 22148 - 22191 |
| 22561 - 22760 | 22850 - 22949 | 26074 - 26173 | 26311 - 26410 |
| 26474 - 26573 | 26758 - 26957 | 28102 - 28135 | 28236 - 28401 |
| 29190 - 29289 | 29450 - 29483 | 29584 - 29699 | 29800 - 29949 |
| 30730 - 30829 | 32180 - 32279 | 34754 - 34853 | 37380 - 37479 |
| 37564 - 37663 | 38020 - 38119 | 38245 - 38344 | 38914 - 39013 |
| 39604 - 39636 | 39737 - 39803 | | |

The following bonds, called for redemption on 9th August 1985, have not yet been presented for the payment:

| | | | | |
|---|---|---|---|---|
| 01052 - 01061 | 02481 - 02489 | 04416 - 04432 | 04442 - 04445 | 05911 |
| 05919 - 05956 | 05978 | 06002 | 06048 - 06056 | 07501 |
| 07513 - 07515 | 07592 | 08076 - 08078 | 08110 | 08134 - 08137 |
| 08351 - 08373 | 08415 - 08417 | 10890 - 10896 | 10963 - 10969 | 11346 |
| 11402 - 11404 | 11410 - 11412 | 11417 - 11418 | 14786 - 14789 | 14811 - 14816 |
| 16257 - 16310 | 18634 - 18638 | 18644 - 18651 | 18719 - 18720 | 18725 - 18726 |
| 19166 - 19174 | 19185 - 19207 | 20487 - 20489 | 21786 - 21789 | 22051 - 22053 |
| 22057 | 22130 - 22137 | 25103 - 25104 | 26681 - 26756 | 27072 - 27074 |
| 27580 - 27592 | 27594 | 27621 - 27623 | 29578 | |

The following bonds, called for redemption on 9th August, 1986, have not yet been presented for the payment:

| | | | | |
|---|---|---|---|---|
| 00001 - 00010 | 00022 | 04030 - 04034 | 04066 - 04067 | 04078 - 04086 |
| 04089 - 04091 | 04107 - 04129 | 04527 | 04577 - 04579 | 04584 - 04591 |
| 04603 - 04616 | 04688 - 04707 | 04713 - 04742 | 06218 - 06251 | 06272 |
| 06283 - 06290 | 06297 - 06317 | 07496 - 07497 | 07499 | 08245 - 08259 |
| 08280 | 08286 - 08311 | 08315 - 08316 | 09436 - 09444 | 09469 - 09499 |
| 09514 - 09535 | 10443 - 10459 | 10492 - 10500 | 10502 - 10578 | 10616 - 10619 |
| 11676 - 11685 | 11708 - 11738 | 11750 - 11771 | 14002 - 14027 | 14036 |
| 14038 - 14079 | 14082 - 14092 | 14115 - 14124 | 14749 - 14785 | 16514 - 16519 |
| 16525 - 16551 | 16555 - 16601 | 16635 - 16637 | 16702 - 16734 | 17013 - 17014 |
| 17019 - 17029 | 17031 - 17032 | 17144 - 17153 | 17163 - 17181 | 17225 - 17231 |
| 19681 - 19709 | 19714 - 19729 | 19731 - 19743 | 19770 - 19771 | 20223 - 20224 |
| 20261 - 20268 | 20271 - 20277 | 20289 - 20304 | 20308 - 20309 | 21295 - 21296 |
| 21303 - 21305 | 21309 - 21315 | 21319 - 21323 | 21328 - 21337 | 21357 - 21368 |
| 21370 - 21376 | 21801 - 21841 | 21861 - 21872 | 21877 - 21892 | 21924 - 21943 |
| 21972 - 21973 | 21976 - 21991 | 23757 - 23807 | 23815 | 23841 - 23844 |
| 24438 - 24449 | 24465 - 24488 | 24494 - 24523 | 24532 - 24537 | 25207 - 25212 |
| 25215 - 25216 | 25228 - 25267 | 25623 - 25722 | 28446 - 28545 | 29715 - 29716 |
| 30854 - 30953 | 31616 - 31715 | 32080 - 32179 | 33456 - 33555 | 35542 - 35641 |
| 36166 - 36265 | 36694 - 36793 | 37061 - 37158 | 37201 - 37230 | 37245 - 37315 |

Amount outstanding after 9th August, 1987: ECU 26.500.000.-

Interest on the Bonds to be redeemed will cease to accrue on the redemption date. On such date the redemption price will become due and payable on each of said Bonds and payment therefore together with accrued interest will be made at any one of the following paying agents: the office of Société Générale Alsacienne de Banque, Brussels branch, the office of Société Générale, London branch, the office of Credit Suisse Zurich and the office of Societe Generale Paris upon presentation and surrender of said Bonds with all coupons attached maturing after said redemption date. In the event that any such coupon is not so attached, the amount of said coupon will be deducted from the redemption price.

Coupons which shall mature on, or shall have matured prior to, said redemption date should be detached and surrendered for payment in usual manner.

THE INDUSTRIAL BANK OF JAPAN FINANCE COMPANY N.V.

BY SOCIETE GENERALE ALSACIENNE DE BANQUE
THE PRINCIPAL PAYING AGENT
15, Avenue Emile Reuter
LUXEMBOURG

## NOTICE OF REDEMPTION

## BP MINERALS INTERNATIONAL LIMITED

(formerly Selection Trust Limited)

U.S. $50,000,000 8¾% Bonds 1989

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(a) of the Bonds described above (the "Bonds"), and paragraph 3 of the Paying Agency Agreement dated as of July 28, 1977 between Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and BP Minerals International Limited (formerly Selection Trust Limited) (the "Company"), the Company has elected to and shall redeem on August 1, 1987 (the "Redemption Date") $4,000,000 principal amount of the Bonds at a redemption price of 100% of the principal amount thereof (the "Redemption Price"), together with accrued interest to the Redemption Date as follows:

OUTSTANDING BONDS OF $1,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

01 02 15 26 29 32 34 42 43 45 52 61 65 69 72 74 78 83 93 96

ALSO OUTSTANDING BONDS BEARING THE FOLLOWING NUMBERS:

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 109 | 1909 | 3809 | 22009 | 36509 | 38609 | 40009 | 42109 | 44109 | 45609 | 47709 | 49209 |
| 509 | 2009 | 3909 | 28609 | 36609 | 38709 | 40309 | 42609 | 44409 | 45709 | 47909 | 49309 |
| 709 | 2109 | 4409 | 30409 | 36809 | 38809 | 41009 | 42709 | 44609 | 46309 | 48009 | 49409 |
| 909 | 2309 | 4909 | 33409 | 36909 | 39109 | 41109 | 43009 | 44709 | 46509 | 48209 | 49609 |
| 1109 | 3009 | 17509 | 33709 | 37109 | 39209 | 41409 | 43109 | 44909 | 46709 | 48309 | 49709 |
| 1209 | 3309 | 17609 | 34109 | 37709 | 39409 | 41509 | 43309 | 45009 | 46909 | 48409 | 49809 |
| 1309 | 3509 | 17709 | 35809 | 37809 | 39709 | 41709 | 43609 | 45209 | 47209 | 48509 | |
| 1409 | 3609 | 18309 | 36209 | 38409 | 39809 | 41809 | 43809 | 45409 | 47309 | 48709 | |
| 1609 | 3709 | 19809 | 36409 | 38509 | 39909 | 41909 | 44009 | 45509 | 47409 | 49009 | |

The Bonds shall become due and payable on the Redemption Date at the Redemption Price, which shall be paid upon presentation and surrender of Bonds together with all appurtenant coupons maturing subsequent to the Redemption Date. Payment will be made in U.S. Dollars, subject to applicable laws and regulations at the office of the Principal Paying Agent or at the office of any of the paying agents listed below. The coupons for interest due on or before August 1, 1987 should be detached and collected in the usual manner.

The Bonds, or portions thereof, to be redeemed on August 1, 1987 will no longer be outstanding on and after the Redemption Date and interest on the Bonds, or portions thereof, will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

Payments at the office of any paying agent outside of the United States will be made by United States dollar check drawn on, or by transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

PRINCIPAL PAYING AGENT
Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

PAYING AGENTS

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
Luxembourg

Morgan Grenfell & Co. Limited
23 Great Winchester Street
London
EC2P 2AX, England

Kredietbank N.V.,
Arenbergstraat 7
Brussels, Belgium

Morgan Guaranty Trust Company of New York
D-6000 Frankfurt-am-Main
Bockenheimer Landstrasse 8
West Germany

Swiss Bank Corporation
Aeschenvorstadt 1
Basle, Switzerland

BP MINERALS INTERNATIONAL LIMITED
*By:* Morgan Guaranty Trust Company of New York, *Principal Paying Agent*

Date: July 2, 1987

# THE ARTS

## Giulio Cesare/Paris Opéra

**Max Loppert**

Nicholas Hytner's first production for the Paris Opéra is a staging of *Giulio Cesare*. The magnificent new study by Winton Dean and J. Merrill Knapp of *Handel's Operas, 1704-1726* (to be reviewed on this page shortly) discerns in this work a preoccupation with the passions of youth, a striving for structural continuity, and a feeling for the creation of *coups de théâtre*, which combine to produce one of the most dazzling examples of Handel's theatrical genius. Hytner shows himself alive to all these qualities—this may not be a "faithful" Handel revival (it would probably give Dean and Knapp a joint attack of apoplexy), but its infidelities are loving ones and proceed from a feeling for composer, form, and period that is both erudite and witty.

David Fielding's set is a vast sandstone chamber, beautifully textured, marvellously well contrived for the vast Palais Garnier stage. Against this timeless Levantine backdrop is played a visual game of time-travelling that supplies the key to the production viewpoint—the characters are now properly Ptolomaic (with sideslips into comic Hollywood-Egyptian), now 18th century adventurers, pigtailed and tricorned, and now pampered oil-rich princelings of the present day.

The string of humorous effects, sight-gags, moments of sheer whimsy and frivolity, that producer and designer draw from these sleights-of-period reminded the French critics of Tintin, and a British one of Monty Python and *1066;* the humour was sometimes broad, often impertinent, always irresistible (at the second performance it took a gala audience a little while to realise it was permitted to *laugh!*).

And it was never interruptive or destructive of the opera's more serious, complicated play of emotions—the characterisations of Cleopatra, Caesar and Cornelia were judged with an accuracy that proved the basic strength of Hytner's Handelian loyalties. Even more than in the same producer's much-praised *Xerxes* for the ENO, the charm of the mixture depends on the fine balance and control of its ingredients. In spite of important weaknesses on the musical side of the performance, I don't believe I have ever enjoyed a Handel opera quite so much, or admired its composer so extravagantly.

The weaknesses were almost entirely orchestral and textual and all appeared to proceed from the Handelian uncertainties of Jean-Claude Malgoire as conductor. A small band of Opéra instrumentalists deep in that huge pit kept waveringly in step with the voices (by now we know that, though it may be hard to do a Handel with reasonable stylistic assurance in a 19th century theatre, it is not impossible); rhythms were wayward, tempos often remarkably ill-chosen, and numbers moved in fits and starts. Several of the arias were barbarously reduced to either first part only or, worse, first and middle sections only — clean whole cuts are surely better, if cuts there have to be.

It was, therefore, a tribute to Hytner, and to a very strong cast, that the show came across with as much deftness and flair as it did. Valerie Masterton's Cleopatra remains a performance of highest accomplishment, disciplined to the last eyelid-flicker, musically authoritative; the soprano is a degree less communicative in Italian than in her native tongue, and for the great emotional outpourings the timbre lacks depth and warmth, but she was the evening's focal point. Guillemette Laurens' high reputation in Early Music circles was handsomely justified by a vigorous, cleanly articulated Cornelia; the American mezzo Susan Quittmeyer (whom I recall as a glorious Composer in San Francisco) was a coltishly vivid Sextus.

Three counter-tenors solved the problem of Handel high-pitch male roles with confident address (the sound will always trouble some listeners, but then female singers *en travesti* always trouble some spectators). Graham Pushee (a virtuoso titular hero), Jochen Kowalski (a powerfully manic Ptolemy), and Dominique Visse in a delicious joke-servant cameo were well contrasted, and all impressively assured. Philippe Duminy in the baritone role of Achilla was the only weakness. One of the British opera houses must borrow this production: it will give pleasure wherever it is seen.

Graham Pushee and Valerie Masterson

## Alice/Coliseum

**Clement Crisp**

The *Alice* stories by Lewis Carroll can be interpreted in many ways. They are the stuff of childhood fantasy devised by a reclusive mathematician for three little girls whom he took for a picnic on the Isis. They are, inevitably in our post-Freudian days, sublimations of feelings by their author for the children whom he adored. They are also exercises in the inversion of reality, supreme illogicalities by a man who was a logician, in which dream identities replace the real figures known to Alice Liddell, their heroine. They have inspired ballets, and have most recently fired the imagination of the American composer, David Del Tredici, who has produced a series of orchestral scores based upon incidents and attitudes plucked from them.

It is the poem, Child of the pure unclouded brow, which Carroll wrote as a retrospective glance at the tales, that is the motor force behind *In Memory of a Summer Day* composed by Del Tredici in 1980. This is the basis for Glen Tetley's *Alice*, made for the National Ballet of Canada last year, and now brought by the company to London for a week's season which opened on Tuesday.

The key to Tetley's hour-long ballet seems to me to be the Carroll lines "No thought of me shall find a place. In thy young life's hereafter," though Tetley proposes the exact opposite. He shows us a quartet of principal characters: the child Alice and Lewis Carroll; the mature Alice and her husband Reginald Hargreaves, and seeks to illuminate the shifting relationships, the cross-references of feeling, memory, regret, that are Alice's later thoughts of that idyllic story-laden afternoon and of the story's narrator.

In this study, which is the ballet's heart, we watch the child Alice's affection for Carroll and her involvement in his narrative, and the mature Alice's contemplation of what Carroll meant to her and, arguably, the grown woman's transference of her feelings for him to her husband.

So far, so fascinating as a balletic idea — one which Tetley works out with his customary sensitivity for the emotional webs that can exist between present and past, between innocent love and adult passion. As the necessary substructure to the piece there are fantasy evocations of scenes from Alice's adventures: the Mad Hatter's Tea-party; the card-game; the Cook and the Duchess; the Caterpillar, and as a master of ceremonies, the White Rabbit.

Where Tetley loses this viewer is in the score itself. David Del Tredici's writing veers between the raucous and the saccharine, with a thin little leit-motif for Alice herself layered with turgid late-Romantic orchestration working itself up to a series of factitious climaxes. The writing sounds massively over-extended for its basic materials, and this has compelled Tetley to expand to unhelpful lengths the basic and fascinating premise of the grown-up Alice's consideration of her younger self and that self's affection's for Carroll. What sustains our interest, despite the vapid rhapsodising of the score, is the quality of the Canadian performances. As Alice Hargreaves, Karen Kain gives an interpretation of subtle delicacy and poignant clarity, and this is matched at every moment by the lyrical effusion of Kimberly Glasco's sweetly true Child Alice.

Set against these are Rex Harrington's Carroll, an elegant youthful figure drawn in spans of handsome dancing, and a no less commendable Hargreaves from Peter Ottmann. The rest of the cast, cleverly identified with Tenniel's originals in Nadine Baylis' vestigial, transparent designs, bustle about and are drawn into the general dances which Tetley uses to punctuate the psychological action, with Owen Montague a wholly credible White Rabbit, who fusses and scuttles and at moments seems a further extension of Carroll's personality. The resultant portrait of the Canadian company is a flattering one.

## Young musicians meet in Hungary

Interforum in Hungary is one of the major international meetings of young musicians. Held every three years, it takes place in the village of Keszthely on the banks of Lake Balaton and has an unrivalled setting in the magnificently kept Festetics Palace, built by a Hungarian aristocrat to house his library and fine collection of paintings: an apt choice for an event that breathes an atmosphere quite distinct from the pressures of most similar musical meetings.

While the heat of a Hungarian summer at its height beats down outside, the thick stone walls of the palace keep the climate within cool and fresh. There is no competitive fervour here. No prizes are awarded at the end and the value of the meeting to the young artists who attend comes rather from the chance to meet and play for an invited group of agents, critics and music administrators in what is virtually a seaside holiday retreat.

Admittedly, the unusual nature of the meeting can catch people out. One of the pianists said to me afterwards, "I didn't know what I was coming to and I chose to play obvious showpieces because I thought you would all be tourists!" But for the most part the programme was well selected, an interesting cross-section of the world's leading young musicians who already have a glittering array of awards in their suitcases and are now hawking their goods around to impresarios.

Two individual performances will not easily be forgotten. The first of these came from András Keller, a Hungarian violinist whose account of Bartók's Sonata for solo violin lived and breathed every note of the score. Barely a phrase in his performance seemed to pass by without a new colour or mood coming over the music, something that perhaps only a native Hungarian could manage with such spontaneity.

The second also matched a performer with a composer of the same nationality. The Russian cellist Marina Tarassova bravely offered Shnitke's Cello Sonata of 1978 (there was not much new music to be heard generally) and gave it with an emotional force that broke through all restraining barriers: a great, bear-like tone came from the instrument, pushing the dynamics to their extremes and meeting the dark, frantic intensity of the piece head on.

Whether either of them will scale the same heights in other musical styles, we shall have to wait and see. (Tarassova's excerpt of Brahms certainly sounded on the Russian side.) But for sheer depth of musicianship there was nothing to beat these two artists coming into electric contact with their chosen scores.

Others chose a safer route—less risks, a more circumspect balance of virtues. The Swedish cellist Torleif Thedéen did not bare his soul publicly in Shostakovich in the way the Russian might have done, but within more conventional limits his recital programme promised a notable future. Ivan Zenaty, a violinist from Czechoslovakia, did not push his range of expression either, but again this was a style of the highest quality: virile tone, strong technique, every note with its own decisive beginning and end. Both look to be thorough professionals.

**Richard Fairman visits the Interforum festival on the shores of Lake Balaton**

Altogether it was a good week for string players. Mircea Calin from Rumania brought a touch of gypsy fire to Sarasate's Zapateado; the East German Kai Vogler played Bach solo violin with much inner beauty; and, in the only chamber music of the meeting, András Keller returned with his own Keller Quartet, making only their second public appearance, to play the slow movement of Schubert's Death and the Maiden Quartet with a warmth and eloquence that any well-established quartet would be happy to equal.

Unfortunately the pianists had a more difficult time of it. The big-toned Yamaha grand which was offered by the firm for Interforum 1987 proved not at all well suited to the elegant, gilded drawing-room in the palace where the performances are given. Ernst Nolting-Hauff from West Germany managed to find some variety of colour from it for his Debussy Preludes and the Canadian Angela Cheng played Ravel's "Ondine" with the right liquid tones, but for the most part it was a case of sitting back and trying to bear the volume.

Flute-playing, though, was quite another matter and nothing sounded more lovely in these surroundings than the easy, expressive phrasing of the Hungarian Mónika Hegedüs, whose playing of Frank Martin's Ballade was one of the major successes of the week. Another of them—for its wit and brilliance—was the saxophone programme of Schmitt and Milhaud by Olga det Roos from Holland. Apparently there had been some doubts in advance about including the saxophone at all, but this should have put an end to them.

Finally, two singers worthy of note: from Ireland Patricia Bardon, a deep mezzo singing Mahler with much fullness of tone; and from Bulgaria a light and silvery soprano in Nadia Zvetkova, whose excellent German and winning smile in operetta suggest she is well on the way to a contract with an opera house in Germany. If prizes were given, she would certainly get one for presentation, sporting silver sparkles in her hair and a range of dresses that made her look like a million dollars.

The next Interforum will be in 1990. The organisation by Interkoncert, the national music agency in Hungary, is so excellent that there can be no doubt the event will throw up as much of interest as it has this year. It only remains to be seen if the weather can be relied upon to play its part again.

## Die Frau ohne Schatten

**David Murray**

The revival of the Strauss-Hofmannsthal *Frau ohne Schatte* at the Royal Opera, Covent Garden, is stirring and rather splendid, in its way. The opera is almost unmanageable as conceived: I should love to see it realised by a pro from science-fantasy comics, the only modern genre that could accommodate both the lofty moralising and the wilful fabulism in live-action terms. The way that the producer Rudolf Hartmann took in 1967, faithfully retraced now, was much simpler. Though what we hear is exciting, what *we see is mostly a walk-through* concert performance with a tame '60s lightshow.

Given the difficult material, that may be thought valorous discretion, but I suspect it was more a gingerly compromise. Hartmann's great strengths were always naturalism, practical detail and sympathetic psychology; Svoboda's bent was for abstract simplification and self-contained visual effects. Hofmannsthal's pseudo-*Zauberflöte* exercise would appeal to neither of them. The result was a single-set design (Svoboda was then in his Lots of Steps period) only slightly varied by dangling children's mobiles, and a treatment of the action narrowly constrained by the designer's refusal to provide anything evocative, let alone any distinction between the "spiritual" levels which Hofmannsthal supposed essential. When even the Kaiserin's bed has to be planted on the Odessa steps, what can you do?

Excellent as concert-performers, neither the Kaiser nor the Kaiserin of this revival stand out as characters. It is the Kaiserin who's "shadowless," meaning non-child-bearing, but both are meant to be pursuing a shimmering, irresponsible idyll. Robert Schunk's solidly efficient tenor is a solid German product, without the lyrical impulse in his music that is captured by the fine Royal Opera orchestral soloists: he stands and reliably delivers. Ruth Falcon's Kaiserin is similarly less silvery and floated than her accompaniment, in the first act; she becomes eloquent as she acquires the appointed insights, but her comfortably mature *persona* denies the initial starry-eyedness. We need to hear the favoured principals undergo a more radical growing up.

The plebeian couple make stronger headway. Siegmund Nimsgern's Barak-the-dyer, insufferably benevolent from the start, is too honestly dignified and musical to be disbelieved; and Gwyneth Jones, as his dissatisfied *young wife, seizes her* part magnificently by the throat. Between them they provide the heights of the performance, though fuller direction might have given them more to build on. For dramatic purposes it's a pity that her dream-lover is presented as a muscular male stripper, instead of a *beau idéal* with a romantic profile (sci-fantasy could supply a better equivalent, as could Philip Prowse): Hofmannsthal didn't imagine the Dyer's Wife as hooked on biceps and lats.

Helga Dernesch *sings* the entire role of the Nurse—most Nurses croak and snarl—like the serious artist she is. Christoph von Dohnányi conducts with keen attention to orchestral detail and an overriding care for urgent dramatic progress. He doesn't dwell over certain passages that need leisure to blossom, but the sense of a long, clean trajectory is a great bonus. So are the surtitles (if you choose the right performance): watching *Die Frau* with an audience who could read exactly what was being said was as gripping as the first act riddle-scene of the English *Siegfried* at the ENO. I should guess that the current Royal Opera cast for *Die Frau* will seize the theatrical bit more fervently at each successive performance, and they shouldn't be missed.

## Almeida Premieres

**Andrew Clements**

Four premieres of one kind or another in Tuesday's Almeida Festival programme, given by the Almeida Ensemble under the seemingly indefatigable Oliver Knussen. One of those, the first performance in London of Michael Finissy's *Vaudeville* (1983), need not detain us long; in dramatic structure and musical content, this tribute to the world of the American music hall proved hopelessly inadequate, hardly fulfilling any of the expectations Finissy's scheme set up, with its lofty ambitions to mirror the range and spectacle of the vaudeville, and to underline its importance as a vehicle for social commentary.

But it did show the composer engaging with a much more direct musical style than his instrumental and orchestral works might have suggested, leaving the hope that a more thoroughly planned and executed theatre piece might carry greater dramatic weight.

The remaining new works in the programme, though, were all notable introductions. Conlon Nancarrow's Piece for Small Orchestra (1986) is his first work for more than 40 years to have been composed for anything other than the player-piano. The highly charged polyphony that he was able to elaborate within the mechanical medium happily remains unbridled, and the rhythmic complexities preserve their tang, leaving as ever with Nancarrow an impression of great creative exuberance constantly straining at the bounds of its medium.

By contrast Peter-Paul Nash's *Earthquake* (1985) for narrator, oboe, piano and string quartet is a masterly piece of understatement, juxtaposing a laconic text by Ronald Firbank (beautifully judged here by Simon Callow in a part originally commissioned for Peter Pears) with fastidiously calculated instrumental lines. In a perenially difficult genre it is a singular success, quietly and gently entertaining.

Poul Ruders' *Corpus cum Figuris*—the British premiere of a piece written for the Ensemble Intercontemporain in 1984—very clearly belongs with its composer's other recent explorations of dark, threatening sound worlds. It's a substantial single movement, articulated in two sharply characterised sections, the first piecing together a crabbed funeral march, which is brutally extinguished just as it promises at last to reach an unambiguous statement, and the second boiling up into a manic, minimalist dance, which can only end in catastrophe and then makes enfeebled attempts to regain the threads of the earlier music. It is both wild and enormously impressive, sustaining a highly individual and absorbing expressive world.

Ruders owes much of his burgeoning reputation in Britain to Knussen's steadfast support and to committed performances such as this; such pieces continue to suggest that his is one of the most distinctive voices to have emerged in Scandinavian music for many years.

## The Bluebird of Unhappiness/Manchester

**Martin Hoyle**

After a meaty and successful season Manchester's Royal Exchange breaks up for the holidays with a frothy flourish. John Lahr, dragging his fascinated gaze from Joe Orton, has compiled a revue from the writings of Woody Allen, adding some songs of his own on Allenesque themes. A four-piece band plays Stanley Silverman's music. Anthony Van Laast choreographs. The stage staff pop out of holes in the ground to provide props for Joanna Bryant's set, with its rising and vanishing furniture, and deserve their ovation. Braham Murray directs. So why do I echo the words of one of the characters, "I've never had so much fun without laughing?"

Possibly because Allen's work is ingenious, drole, whimsical but not actually funny. Despite the famous New York Jewish delivery, the urban sophisticate neurosis, his humour has a dogged logic in its unrealistic premises carried to surrealistic conclusions that recalls the great nonsense writers like Lewis Carroll. If not spun out on a fine, tight line, it plods. This is exemplified by the long, narrative stretches in the tale of our hero falling in love with *his girlfriend's mother*, where our interest flags long before the shaggy dog pay-off.

Imaginative ideas start well, as with the man hooked on the intellectual who furtively pays girls to discuss Yeats and Proust in hotel rooms; or the private eye hired to find God. A New Yorker is magicked into an affair with Madame Bovary, only to find himself mentioned in the novel—the mixture of reality and fantasy familiar from *The Purple Rose of Cairo*.

Jewish jokes, songs which indistinct diction made fitfully intelligible, comic retellings of Socratic and Biblical episodes, are framed by a Laugh-In type party crackling with one-liners. You don't have to be American *to deliver the lines*, but it would help.

A gallant company includes the inimitable Derek Griffiths, rather wasted, and a tall, stylish comedienne, the immensely promising Haydn Gwynne. The Royal Exchange has had a marvellous few months, so it can be allowed this insubstantial end-of-term romp.

## Saleroom/Antony Thorncroft

## Second division stuff

After the Lord Mayor's show . . . Well, not quite. The Impressionist and modern pictures sold by Sotheby's yesterday were still for the very rich, but the prices did not touch the levels of the mega-rich, as they did on Tuesday evening when, among the successes, a landscape by Klimt sold for £3.3m, a record for this Viennese artist, and £627,000 was paid for "Marionette" by Foujita, another artists record.

Top price on Wednesday was the £247,500 which secured a night view of Venice by Henri le Sidaner, who is just the type of second division artist that has appreciated in price because the big names have became too expensive.

The Impressionist and modern market is currently boosted by Japanese buying and it was a dealer from that country who paid £159,000 for "La table et lé jardin" also by Le Sidaner. Another portrait by Foujita, of a young girl with a bonnet, made £123,200, almost double its forecast, while Waddington of London paid £116,600 for a Matisse bronze of a female nude. The auction totalled £7,257,250, with 26 per cent unsold, which suggests a normal rather than an over-heated market.

## South Bank walkways to go

The face of the arts in London is changing rapidly. One day after Covent Garden heard that it had gained planning permission from Westminster Council for its extended Opera House (at the expense of some familiar 18th century buildings) comes the news that Lambeth Council has given the go ahead for a more welcome redevelopment—the South Bank Centre can demolish some of the unsightly concrete walkways *which make this arts complex* such a depressing venue.

In September the massive concrete walkway and steps on the Belvedere Road side of the Festival Hall will be demolished along with the pedestrian bridge and the permanent "temporary" walkway from the Hall which goes under Hungerford Bridge. The board architects Terry Farrell, will be designing alternative access routes but they will be in the style of the 1951 Festival of Britain and should make the look of the place much more appealing.

At the same time the board announced that Conran Design Group had been chosen to improve the look of the interiors, in particular the public rooms which are now shoddy and unappetising. Extra business from sponsors should pay for the modernisation.

The South Bank Centre, *which took over from the GLC* on April 1 last year, in its first annual report, lays claim to a rise in audiences at the Festival Hall for 1986-87 of 1.5 per cent, to 68 per cent, and bigger jumps at the Elizabeth Hall and the Purcell Room. The South Bank has grown in popularity as a social centre, and it is estimated that each year 2m now visit its foyers, as against audience attendances of 1m.



## Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 26–July 2

### Exhibitions

#### LONDON

**The Tate Gallery.** Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

**Burlington House,** Picadilly: The Summer Exhibition of the Royal Academy has come round again, for the 219th time. Over 1,200 works have been chosen, nearly 300 fewer than last year, from an open submission of over 13,000 – paintings in all media, prints, drawings, sculpture and architectural design. For all its variety and quirkishness, the exhibition is strongly professional: the amateur work which once made it notorious has been more rigorously excluded in recent years and is now all but gone. With their privileged entry of six works apiece, the Academicians and Associates set the standard and the tone. With so big a show as this the visitor must follow his own taste and judgment and work quite hard to see everything properly, but such involvement brings its own rewards, from the work of Elizabeth Blackadder, Olwyn Bowey or Gus Cummins to that of Gillian Ayres, Joe Tilson or John Bellany. (Daily until August 23).

#### PARIS

**French Masters** of the 19th and 20th century: From Toulouse-Lautrec's Moulin de la Galette to a rare Gauguin with a landscape of Brittany seen through a luxuriant prism of colours; from a powerful flower composition by Nicolas de Stael to Cezanne's protrait of Madame Cezanne, from a pastel coloured Picasso still life to the most frequently reproduced Degas dancer, the traditional spring exhibition at the Schmitt Gallery can boast not only an exceptionally long list of great names of the period it covers but exceptional quality as well. Galerie Schmit, 396 Rue Saint-Honoré (4260 3636). Closed Sundays and lunch times. Ends July 18.

#### WEST GERMANY

**Stuttgart, Staatsgalerie:** British art in the 20th century organised by the Royal Academy of Arts. The work, covering 1910-70 is not well known in Germany. The extensive display Moore, Ben Nicholson, Francis Bacon and Anthony Caro. It should help to revise the prejudice that British art is provincial and has not been represented in the avant garde. Ends Aug 9.

**Kassel:** Museum Fridericianum Orangerie: Documenta 8 'World exhibition of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger presents the works of 150 artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid; Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

#### ITALY

**Venice:** Ca Pesaro: American Art in the 60s from the Ludwig Museum in Cologne: Works by 25 artists, from Liechtenstein to Rauschenberg, Oldenburg, Rosenquist, Warhol, Lewitt, Dine, Stella, Noland and Paolazzi. Ends Aug 2.

**Rome:** Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in the austere spaces of the gallery. The nostalgic title refers to a period (1776-1870) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his "Casa Della Vita." Palazzo Ricci in Via Giulia. Praz's passion for empie style began when still a child and he was still buying new pieces at the age of 85, a year before he died. It is sad that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 6.

#### SPAIN

**Madrid,** Centro de Arte Reina Sofia, Santa Isabel 52 Raumbilder: 5 German sculptors in Madrid. Ends June 22. Also: American Dreams. 118 photographs by 35 photographers from 1880. Ends July 5.

**Madrid,** Fernando Botero. Colombian painter whose imaginative world is a poetic distortion of reality. 100 works on loan by private collectors, museums and artist's funds. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 6.

#### NEW YORK

**Museum of Modern Art:** Berlinart 1961-87: An international assortment of 55 artists who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

**Guggenheim:** The first retrospective of Joan Miro since his death in 1983 includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive inspirations. Ends Aug 23.

**Metropolitan Museum:** 48 key Impressionist and Post-Impressionist works from the Courtauld Collection tour America, including works by Cézanne, Manet, Renoir, Seurat and Gauguin. Ends June 21.

**IBM Gallery:** 98 paintings of pre-modern Viennese art from the second half of the nineteenth century includes works by Klimt, Romako and Makart; and 120 drawings show proposed and actual Washington government buildings. Ends July 11.

#### CHICAGO

**Art Institute:** 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs and the imperial wardrobe. Ends Sept 6.

#### WASHINGTON

**National Gallery:** 61 Italian master drawings by Leonardo, Michelangelo and Raphael among others travel for the first time from the Royal Collection in Windsor for this exhibit. Ends July 26.

#### TOKYO

**Kandinsky:** 100 works on loan from collections at museums in Munich, Paris, Moscow and New York. National Museum of Modern Art, Kitanomaru, near Takebashi Station. Ends Aug 9. Closed Mondays.

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Thursday July 2 1987

# A minority of one

IT WAS not easy, yesterday morning, to believe that the leaders of the 12 member states of the European Community had all been attending the same summit. While the British media regaled their audience with yet another stirring tale of Housewife Maggie making her solitary stand against the Eleven Big Spenders, Belgium's leading newspaper managed to avoid even mentioning Mrs Thatcher on its front page; and the French radio reported both Mr Chirac and Mr Mitterrand greeting the summit's outcome as, if not quite a success, certainly something much better than a failure — because Chancellor Kohl had at last agreed to dismantle the notorious Monetary Compensatory Amounts, thereby allowing French farmers the benefit of prices which will henceforth be effectively fixed in D-Marks.

The odd thing is that the agreement, which inevitably means a further increase in the cost of hte Comon Agricultural Policy, actually received Mrs Thatcher's approval, while the plan that she refused to endorse was one aimed at bringing the community's finances under control—a plan presented by the Belgian presidency but immediately dubbed by its South European critics "the Anglo-Belgian plan," so strongly did it reflect British preoccupations.

### Agricultural spending

She gave two reasons for her refusal: she was not prepared to accept "the current bloated level of agricultural spending" as the base for calculating its future growth, and she could not agree "to commit ourselves to increase the community's resources before we have established effective and binding control ovr the use of that money." Yet on both these points differences had narrowed so far that, in the view of one of her leading advisers, they could have been settled in another 10 minutes of negotiation.

It is true that the plan involved redefining the base (currently 1984-85) against which the rise in the cost of the CAP is calculated. But this has been made inevitable by the steep fall in the dolalr in the intervening years. The agreed growth rate, using the 1984-85 baseline, would yield expenditure of Ecu 23bn next year, whereas the European Commission calculated that actual expenditure under present policies would reach at least 27bn. It proposed a cut of 1bn which— in the package that Britain has now accepted —has been whittled down to about 150m. The British Government has made no proposals suggesting a way that savings of 4bn, or anything like that amount, could be achieved in such a stort time. One does not make the CAP cheaper simply by stating that it should be.

### Inner cities

As for the increase in the community's "own resources," this was only hinted at in the plan, which suggested that the ceiling might in future be expressed as a proportion of GNP rather than of Value Added. No specific new ceiling was proposed and, so far from endorsing the commission's suggestion that structural funds, benefiting mainly the community's poorer southern members, should be doubled, the plan said that these should increase in accordance with Article 203 of the Treaty, ie only a few percentage points each year.

It is really rather sad that, confronted with proposals which reflect how far the community has moved towards accepting British views on finance and agriculture in the past few years, Mrs Thatcher should nonetheless have felt obliged to stage a repeat of her old pre-Fontainbleau performances, and to manoeuvre herself back into a minority of one—a position which beforehand looked much more likely to be that of Chancellor Kohl, because of his unwillingness to agree to farm price cuts. Her behaviour is most charitably explained by tiredness, and by preoccupation with her domestic agenda, especially the problems of the inner cities.

Nothing is irretrievably lost. The plan remains on the table as the basis for further negotiations, and the chances of an overall agreement on something like financial sanity in Copenhagen next December look somewhat better than they did. But Europe is not getting the kind of positive leadership it is entitled to expect from its senior stateswoman, now that (unlike most of her partners) she can put short-term electoral considerations behind her.

# The farewell discourteous

THERE IS not much to be said for the manner in which the Chancellor, Mr Nigel Lawson, chose to cut down the future role and funding of the National Economic Development Organisation; but it is hard to muster more than a wistful regret for its substance. Nedo, launched with such high, vague hopes 25 years ago never lived up to them, even under governments which saw an important role for it. Under the present Government, there were no such hopes, and therefore little role.

French indicative planning was the vogue when the then Chancellor, Mr Reginald Maudling, founded Nedo, and it was enthusiastically adopted by the first Wilson governments. However, the near-farce of Labour's National Plan, and the creation of a Department of Economic Affairs to oversee it, left Nedo very much on the sidelines.

It re-emerged as a centre of very different hopes—the focus for a consensus on wages on the model of practice in Scandinavia, West Germany and Austria. Here again, however, it was soon upstaged by bodies specifically entrusted with prices and incomes policy, and quietly developed a third role as a centre for joint studies of general and industry-specific economic and organisational problems.

### Sacrificial victim

This was potentially Nedo's finest era. While its findings were seldom earth-shaking, both employers and unions learned a great deal by taking part in these studies, and some of the "new realism" of the unions, such as their interest in technology and training, may well date back to these experiences.

This is a role which might have been accepted with some enthusiasm by the present Government, since its central strategy is based on the idea of well-informed markets, sharing a clear understanding of the Government's objectives. The nature of the council meetings, which tended to party debate rather than exploration, and the Government's wish to do everything to reduce the self-importance of the unions, proved more important.

The Chancellor may hope that, as well as saving a little money, he is symbolically closing the book on British-style corporatism. Other actions, such as the Nimrod decision and the frosty climate now established for the farm lobby, fit into the same pattern. This Government is not a cosy trading partner.

This is certainly desirable, but it needs to be carried a great deal further if the Government is to be able to claim pure market principles. Nedo had in any case become too peripheral to make a good sacrificial victim; its treatment will cause annoyance, as is already evident, but no salutary shock.

### Better chance

What is regrettable is that the Government saw no opportunity in the existence of this well-established tripartite forum. Mr Lawson said that Nedo had become increasingly irrelevant as policies were more and more concentrated on the supply side of the economy; but this is precisely the side of the economy which Nedo, properly directed, should have been able to illuminate.

Effective supply side policies can only be built on a detailed knowledge of existing constraints on efficiency. Equally, some of the Government's priority objectives in its new term, ranging from vocationally relevant education to the brain drain, from city centre revival to the reform of pensions and the health service, will stand a much better chance if information is collected and support generated from those directly involved.

The Government may have other ideas for involving people in its plans, but its action over Nedo does not suggest it. On the contrary, the manner of this decision shows a sad lack of interest in any dialogue in which ministers might hear something which does not harmonise with their own views.

South Korea and democracy

# After the euphoria

By Maggie Ford in Seoul

NOT A RIOT policeman or a student demonstrator was in action in Seoul yesterday as President Chun Doo Hwan delivered his speech promising direct elections. Yet, the optimism of the past two days had somehow disappeared. The achievement of democracy is not going to be easy.

At first glance, the President's speech appeared to be all that the opposition could have hoped: direct elections for his replacement when he steps down next February, a revision of the constitution so that the poll will be fair, and a number of other democratic reforms.

But much as the President's rhetoric seemed in tune with the popular will, the speech was silent on one key issue; the name of Mr Kim Dae Jung, the leading opposition politician, at present banned from politics under a sedition charge, was not mentioned.

The position of Mr Kim, symbol of the persecution inflicted by the military government, especially during the 1980 Kwangju uprising, is central. For Kwangju is at the heart of the basic problem facing South Koreans in their quest for democracy—whether the military feels secure enough to give up power in the face of the possibility of opposition revenge. The answer so far is, at best, maybe.

That in itself is an achievement, for only three months ago the President's decision to call off constitutional revision talks between the main political parties represented a clear "No" to democratic change.

The past three weeks have also established the power of non-violent demonstrations to put pressure on the Government without provoking military intervention. It is a weapon which must be used carefully, but South Koreans feel they have found a way of keeping politicians in check.

They have been helped in their progress towards democracy by the policy of the US Government, which has combined public commitment to democratic change with pressure on President Chun to refrain from using force in quelling unrest. Observers believe Mr Chun may have been dissuaded from proclaiming martial law two weeks ago by pressure from President Ronald Reagan.

The US has apparently become convinced that South Korea will be a more stable ally against Communist North Korea, and in the region as a whole as a democracy than if the country continues to be ruled against its will by a military backed regime.

Although a democratic South Korea is likely to be more nationalistic whoever is president, there is firm commitment on all sides of the political spectrum to anti-Communism, a strong defence and the retention of the 40,000 US troops based in the country.

In the short term, the way forward looks fairly clear. The two main political parties, the

A show of unity: Kim Dae Jung and Kim Young Sam shake hands as President Chun announces his acceptance of democratic reforms

opposition Reunification Democratic Party led by Mr Kim Dae Jung and Mr Kim Young Sam, and the ruling Democratic Justice Party led by Mr Roh Tae Woo, must negotiate over the revision of the Constitution and the basic election law.

Both parties are already preparing revision drafts and haggling is likely to be complex. Issues range from redrawing election boundaries to deciding the length of the presidential term. Argument will also take place over the timetable for the presidential election, which must take place in December at the latest to allow a transition in February. An agenda for National Assembly and local elections must also be prepared.

Both parties are likely to negotiate as a matter of urgency the separation of powers of the executive, the National Assembly and the judiciary.

At present all three are under the control of the executive. As a result politicians have no power to engage in serious debate and judges have no authority to enforce the law fairly.

The Government is also likely to face pressure to deliver quickly on its promise to release all political prisoners, now thought to number about 3,000.

Factionalism in the opposition is likely to prove a serious problem. Although the RDP is jointly led by the two Kims, its members support one or the other and agreement on policies and strategies constantly breaks down.

The ruling DJP has a different problem. Ten days ago at a party meeting to discuss the demonstrations that provoked the move to democracy, members were asked for their views on policy for the first time in the party's seven-year history.

Adjustment by the parties to the new situation is vital if negotiations over constitutional reform are not to be bogged down. A delay, affecting the timetable for the transfer of power by the President next February could provide another excuse for suspending the democratic process.

At the same time as conducting constitutional negotiations and internal reform, the parties must decide on their presidential candidates. While Mr Roh Tae Woo, chosen by the ruling party earlier this month as President Chun's replacement, is likely to remain the DJP's candidate, the position of the RDP — whose two leaders each have their own power base — is complicated.

Even if Mr Kim Dae Jung receives an amnesty as Mr Roh has recommended, he is by no means the obvious candidate. Last year, in an effort to spur moves towards democracy, he said he would not stand for the presidency.

Mr Kim Young Sam has a strong power base in the important industrial area of Pusan, and support from the middle-class, who see in him a similar background to their own. He is perceived, however, to lack character and appears to have weak political judgment.

The position of Mr Roh, on the other hand, may well have improved since he put his list of democratic proposals to President Chun on Monday. His plan, widely seen as an effort to respond to the public's demonstration of its wishes, has now been accepted by Mr Chun. The events of the past few days, if followed up by further genuine efforts at negotiation, will boost Mr Roh's chances.

Mr Roh also has one characteristic — formerly seen as a disadvantage — which may yet prove an asset: he is a former general, like the President. That fact may make him better able to deal with the one issue which in the turmoil of the past three weeks, has not been addressed —the Kwangju uprising.

At the beginning of the Chun regime in 1980, a revolt against the military coup took place in the provincial city of Kwangju, home base of Mr Kim Dae Jung. The uprising, started by students and joined by citizens who took over the city of 1m was brutally put down by the military.

By government estimates nearly 200 people died, but local people claim more than 1,000 were killed. As one South Korean said yesterday: "Chun's hands have been stained with blood ever since." Fear of revenge over this incident has troubled South Korea's military ever since, focusing especially on Mr Kim Dae Jung, who was sentenced to death for sedition over his alleged role in the revolt.

A major task for South Koreans over the next six months will be to persuade the people of Kwangju to forgive the military for their treatment. Only if the military are convinced that their future will be secure from punishment can democracy take root. Unless these fears can be allayed by the opposition, Mr Roh may seem a better candidate.

Meanwhile, South Koreans, helped by their media, becoming more free by the day, know that if what they see does not please them, the demonstrators will be back.

THURSDAY BOOK REVIEW

## Business and Politics in Britain

**By Wyn Grant and Jane Sargent**

**Macmillan Education; £7.95 paperback, £25 hardback**

IT WOULD be interesting to know whether the resources devoted by British companies to government relations, or lobbying, has increased or decreased during the two Thatcher administrations. In theory the removal of controls and Mrs Thatcher's non-interventionist philosophy should have reduced the need for businessmen to involve themselves, either directly or through their trade associations, in the political process. The downgrading of the tripartite National Economic Development Council, announced yesterday, is in line with this approach. Yet in practice the British economy is almost as "mixed" as it was before.

The institutions of government, especially the sponsoring ministries like the Department of Trade and Industry and the Ministry of Agriculture, remain closely linked to producer interests in the private sector. Moreover, the Thatcher Government has left unchanged many areas in which politicians and civil servants have discretion to favour one company rather than another. Thus businessmen cannot afford not to play the Whitehall game.

In some sectors, indeed, trade associations are used almost as an arm of central government. The task of negotiating so-called voluntary export restraint agreements with Japanese makers of cars and machine tools was delegated to the relevant trade associations. The Association of the British Pharmaceutical Industry has long played a key role in the negotiation of drug prices with the Department of Health and Social Security. The new self-regulatory rules for the financial services industry fall under the heading of "sectoral corporatism"—the privileged access to government of single, organised interests limited to specific sectors of the economy.

As Wyn Grant points out in an illuminating and well-researched book, these examples of trade association involvement in the implementation of public policy have one thing in common: they are ad hoc responses to particular problems and situations. They lack an underlying consistency. This reflects, in Grant's view, the absence of any "legitimising philosophy" governing relations between government and private sector in Britain.

The lack of a corporatist tradition at the national or macro-economic level is at the root of the difficulties faced by the Confederation of British Industry. During the 1970s the CBI greatly improved its internal organisation and its effectiveness, but it never quite achieved the hopes of employer solidarity which some of its leaders entertained.

The CBI is not helped by the chaotic structure of trade associations and employers' bodies beneath it, in contrast to the orderly system which exists in West Germany. The 1972 Devlin report on employer representation recommended that the CBI should derive its authority "primarily from its place at the head of a hierarchy of associations," but this would have needed a vigorous effort on the part of leading companies to change the constitution of the CBI itself and that of the sectoral associations. Moves in this direction were sporadic and half-hearted.

If under some future government there was a decisive shift towards corporatism, then the incentive for large companies to work through the CBI and perhaps even to reform the sectoral bodies would be greater. Any such shift would involve an enhanced role for the Trades Union Congress (TUC) and a greater willingness on the part of the two bodies to work together than has been apparent since the formation of the CBI in 1965. Given the present anti-corporatist mood in government, most CBI member companies are probably content with the organisation as it is.

Is Grant right to believe that this untidy structure is a weakness which hampers British economic performance? Some might argue that Britain has the worst of both worlds—too many special interest groups with a direct line to Whitehall, but no "social partnership" stemming from the effective national organisation of both employers and unions which would facilitate a constructive, consensual approach to the country's problems.

Grant refers to an earlier study which compares the individualistic and short-sighted way in which British employers take decisions on wages (and other matters) with the ability of German employers to act collectively and for long-term objectives.

But is there much purpose in lamenting the absence of German corporatism and consensus when British traditions are entirely different? According to Grant the three main features of "democratic corporatism" are: an ideology of social partnership, a relatively centralised and hierarchical system of interest groups and the coordination of conflicting objectives through political bargaining. These characteristics cannot magically be transplanted to the UK. The National Economic Development Council may just about survive after yesterday's decisions, but for a future government to elevate it either into German-style corporatism or (as some of the founders of NEDC hoped in the early 1960s) into French-style indicative planning looks impossible. It may be better to accept the virtues of pluralism and to build on them, not least by curbing the power of sectoral interest groups which can have a distorting effect on public policy.

**Geoffrey Owen**

## Toshiba torpedoed

Shoichi Saba, 68-years-old and the architect of Toshiba's emergence as one of the world's biggest electronics companies, had planned the kind of day company chairmen love yesterday.

He was going to speak to 6,000 Toshiba employees on the 112th anniversary of the founding of the group. Saba likes his troops and they apparently like him, too.

But even before he had arrived at Toshiba's imposing Tokyo headquarters, the news that the US Senate had voted to ban all Toshiba products from the country was out. That did it.

Congress wanted blood for the sale by a Toshiba subsidiary of machine tools to Russia that have since helped build submarines that Nato finds hard to detect. And it got something close to it.

Both Saba and the man, until now, most likely to succeed him, the president, Sugiichiro Watari, 62, had been mulling over their resignations as the quiet submarine row worsened. They consulted one last time


"The cost of your plane falls mainly on to Spain"

# Men and Matters

yesterday morning, went off to speak to the masses and then called a special directors' meeting and broke the news that they were going.

"As president of the company I've decided to take responsibility even though I'm not directly responsible myself," said Watari.

Congress will have to judge for itself whether this sudden assumption of responsibility changes Toshiba's weeks-old argument that it cannot be held responsible for Toshiba Machine (the offending affiliate) and so should not be punished.

Saba is a big name in Japan and his resignation will unsettle the country's higher echelons. He will probably resign as vice-president of the Keidanren, the big business lobby.

It has to be said that of the three men on the podium at yesterday's press conference, the least pleased appeared to be the new president, Joichi Aoi. The 61-year-old senior executive vice president is a specialist in heavy electrical engineering. He joined Toshiba in 1948.

Often smiling, both Saba and Watari called their serious, scowling colleague the "most appropriate man for the job," whatever that means. He certainly does not have an easy time ahead of him.

## On board

One company putting a brave face on Saba's resignation is ICI, which, with much fanfare two and a half years ago, appointed him a non-executive director.

The reasons for the appointment—expertise and contacts in Japan and electronics—hold good, ICI says, and he stays on there. But it puts him in the same odd position as Tom Wyman, the American brought in by ICI as a non-executive director a year ago and toppled soon after from his post as chairman of CBS.

ICI's only other foreign non-exec is Walther Kiep, head of the West German insurance firm, Gradmann and Holler. He must be feeling nervous.

## Junk market

Michael Milken, the reclusive emperor of junk bonds, has emerged from the obscurity of California's San Fernando Valley to give his first Press interview for as long as anybody can remember.

Milken, 41, who is probably the most enterprising American financier since J. P. Morgan—and no less controversial—had nothing to say about the US Government's insider trading investigation of his activities and his firm, Drexel Burnham Lambert. But in the interview with this week's Forbes magazine, Milken was still irrepressibly the revolutionary who transformed corporate America's access to capital by making markets in blatantly low-grade corporate debt.

Corporate junk, says Milken, is temporarily played out (because the stock market is high and equity is the thing). The new opportunity is sovereign junk.

"Making markets in Third World debt is the same as trading high-yield bonds in the early Seventies," he says. "The opportunities are enormous. This is a trillion-dollar market, ten times the size of the high-yield market. There are more than ten countries you can buy for 20 (cents on the dollar) or less. Say the average is 10 cents. At that price, all you need is one out of ten to work out, and you have your money back."

## In the air

Now British Airways is well and truly privatised, it has emerged that the airline came within an ace of being severely embarrassed—not to say damaged—by industrial action by pilots at the time of its flotation.

For obvious reasons, BA has kept quiet about the affair. But so, until now, has Balpa, the pilots' union, because the events in January appear to have ended up doing more harm to the union than to the airline.

Acrimonious correspondence in the latest issue of The Log, Balpa's journal, reveals that no fewer than 21 of the union's "reps" or shop stewards at BA resigned from office after short-haul pilots were pulled back from the brink of industrial action on January 5—three days before the airline's prospectus was published.

The pilots had been balloted on action over an unresolved productivity issue arising from their 1986 pay deal. Of about 700 ballot papers issued, some 400 were returned and were in favour of disruption by a majority of almost 10 to one. However, Bill Archer, then Balpa's senior lay official at BA, declared that he would not lead action, as slightly less than 50 per cent of the total membership had voted for it.

This prompted a protest walkout at a crucial union meeting called to launch disruption; and Archer was able to reach a settlement with BA the next day.

At which Lord King, BA's chairman, no doubt breathed a deep sigh of relief that the flotation razzmatazz 48 hours later would not be tarnished by cancelled flights and picket lines. Balpa, meanwhile, appears to have been plunged into a searching and unpleasant internal inquest, with some of the 21 resigners evidently questioning the union's professionalism.

Trevor Phillips, one of the 21, writes sourly in The Log: "The trades union movement does run courses on industrial relations and negotiation. Ought we not to take advantage of the advice given?"

**Observer**

ECONOMIC VIEWPOINT


# Why the Soviet system will resist reform

By Samuel Brittan

THE SOVIET leader, Mikhail Gorbachev, has had a remarkably good press in the west. This is likely to be increased by his announcement last week of reforms which are supposed to reduce central control of the economy, boost the independence of enterprises and leave many prices to be determined by the market.

Such reforms will, however, be easier to announce than to implement. Just as it is difficult to combine liberal democracy with a state-planned economic system, it may also be hard to combine anything approaching a market economy with the Communist political system.

These difficulties will persist, however sincere the intentions. Their existence does not justify fatalism about the prospects for the Soviet Union, eastern Europe or China. But they do suggest that we should avoid the cycle of over-enthusiasm followed by disillusion, which has overtaken many would-be fair-minded observers of the Communist system in the past.

The exact nature of the difficulties is illuminated by an economist resident in Poland, Jan Winiecki, in a paper entitled *Economic Prospects—East and West* (£5, Centre for Research into Communist Economies, 2 Lord North Street, London SW1P 3LB).

After reviewing the very limited success of previous reforms in eastern Europe, Mr Winiecki examines the incentives to: (1) stop the decentralisation of management in the state sector; and (2) prevent the extension of the private sector in Soviet-type economies.

He begins by looking at "ordinary" dictatorships. In these the old traditional hierarchy, or the new military or police rulers, have found simple ways of benefiting. They obtain higher salaries or more perks, modern professional equipment or articles of conspicuous consumption.

These privileges exist in Soviet-type economies for the police and military. But there are two other groups—the party officials and the economic bureaucrats—who have a vested interest in interfering in the economic system and who do not exist on the same scale in conventional dictatorships.

These groups gain partly through a system known by the ungainly name of *nomenklatura* and one which is missed by western economists who look entirely at pricing rules, output decisions and the like. *Nomenklatura* is the right of the Communist Party to recommend and approve appointments to all management positions. This system severely limits the pool from which managers can be appointed and encourages the loyal and time-serving at the expense of the competent.

Mr Winiecki estimates that 750,000 posts are covered by *nomenklatura* in the Soviet Union and 250,000 in Poland. In the latter country, the number has increased in recent years to buy the acquiesence of the petty bureaucracy in the limited reforms that have taken place since the rise of Solidarity.

Party officials and bureaucrats also gain through various kickbacks. These are benefits which are necessary and desirable only in a shortage economy. They may include deploying workers to build a country house, the supply of a city apartment at a low price, or a car at the official price.

The substitution of market prices or interest rates for targets and norms reduces the number of jobs in industrial ministries and "unions of enterprises," and reduces the scope of party patronage. Moreover, if enterprises were held strictly accountable to budget constraints, the costs of kickbacks and privileges would become all too apparent.

A further subtlety is that it is the middle-level bureaucrats and party officials on whom a reforming Communist leader depends to implement reforms. In terms of the BBC *Yes Minister* programmes, it would be as if change were obstructed by thousands of petty Sir Humphreys at offices and factories throughout the country.

The poor performance of Soviet-type economies does provide quite genuine pressure for reforms from the top. Mr Winiecki shows that these economies use twice as much energy and three times as much steel per dollar of gross domestic product as western European ones. Moreover, as economic growth increases the importance of innovation and flexibility, relative to economies of scale, the disadvantages of Soviet-type economies increase.

The industrial sector becomes overgrown relative to services, and compared with western economies at similar stages of development, thus boosting further demand for imported materials and components. There is a temptation to postpone the day of reckoning by maximising the use of western credits. But this does not solve underlying problems such as product quality; and in the end attempts are made to reform the planning system, of which Mr Gorbachev's are an example.

It is at the level of intermediate bureaucrats that the plans go astray. Either they are aborted, or they are implemented in a self-contradictory way, which is why the Polish reforms of the early 1980s never got very far.

Mr Winiecki points out that the best party-appointed management jobs are in industry. There is a somewhat better prospect for reform in agriculture. This is one reason why Hungary — although by no means the model market economy of western imagination — has managed to take economic liberalisation further than any other eastern bloc country.

On this analysis, it is not ideology that undermines the various attempts to encourage small-scale private enterprise, but the self-interest of party bureaucrats and managers. For the private sector does not provide these officials with the various forms of economic rent (ie gains over and above the market price of their efforts) obtainable in state enterprise.

Mr Winiecki does examine the possibility of extracting economic rent in substitute form, for example by taking bribes for permission to open a private restaurant, repair shop or small factory. Obviously this happens. But the method, being clearly criminal, is much more dangerous than the legal or semi-legal ways by which kickbacks are obtained from state enterprise.

The Polish author details the mock reforms by which existing perks are preserved and genuine markets kept at bay. They include "pseudo-reorganisation," reducing the number of "plan indicators" without actually substituting price and profit incentives. Another example is abolishing plan targets, but retaining the rationing of materials and components.

Am I being too imaginative in seeing a British analogy in the bureaucratic re-organisation of council and rented housing, local authorities and education planned by the Thatcher Government, because it fears to introduce genuine market forces in these areas?

The propaganda put out by the hard-liners to resist moves to market socialism will also strike a chord in the west. Such moves are said to increase inflation, which they only bring out in the open, or "increase inequality," when they mainly improve the position of those in smaller enterprises at the expense of employees of large organisations.

There are some similarities too between the British privatisation debate and the discussion of Soviet economic reforms. One conclusion of the former is that *both* more competition *and* transfer to owners who have a personal interest in financial success are required to improve performance. There have been many *earlier* attempts to get UK nationalised industry bosses to behave as if they were privately owned competitors, for instance the Treasury White Papers laying down marginal cost pricing and the discounted cash flow test for investment. But the result was like painting black and white stripes on donkeys and expecting them to behave like zebras.

Mr Winiecki is very careful to base his arguments on economic analysis, including the modern analysis of property rights and public choice. But the conclusion is drawn that successful reform of Soviet-type economies presupposes political reform on which he speculates a little.

One possibility is that, in view of the large and increasing costs of the present system—perhaps leading to negative growth rates — Communist chiefs will gradually withdraw from involvement in the wealth-creation process, despite the agonies this will cause among their most loyal followers.

Another is that the military and police, who have less of a vested interest in the *nomenklatura* system, will gain control; and that Communist countries could become simple dictatorships, which in time will move towards democracy for the sort of reason that Spain did at the end of the Franco regime.

Meanwhile, the greatest disservice the west can perform for Communist-type economies is to regard the mere announcement of reforms as equivalent to action, or to accept the description by Soviet leaders of the requirements for successful reform.

It is in the interest of the west that the Soviet bloc countries come to grips with their economic problems rather than break up in disorder. But a critical "show me" attitude will be more helpful than the gullibility and wishful thinking that attends so much present day discussion.

JOE ROGALY

# They should join Labour

MR NEIL KINNOCK should now invite the Liberals and what is left of the Social Democrats to join his Labour opposition in a grand alliance. If he does, they would do well to accept—on terms. Mr Kinnock will of course have to make an *offer or two, and before that he* must change the Labour Party's constitution to provide for one man one vote. The Social Democrats may not have existed if such a rule had been in force 10 years ago, for they would have had every incentive to stay and fight their ideological battle inside the party from which their leaders sprang.

It would, however, be a mistake to assume that the misfortune that is threatening to extinguish the SDP means that Labour can afford to sit back and wait to scoop the pool. For some SDP supporters will go to the Liberals whether or not the Alliance partners merge into a new party, while others will either turn Tory or go home and stop voting.

Mr Kinnock must therefore choose one of two strategies if he is to stand a chance of victory. All others lead to a further crushing defeat for Labour. The first, and least certain, strategy is to carry on turning Labour into the best imitation of a continental social democratic party that he can manage. The influence of the trade unions must be further diminished. The London Left must be liquidated. The final vestiges of nationalisation would best be jettisoned. The majority of the party must openly endorse the concept of exploiting the market as a force for generating wealth that can then be directed towards the objects of Mr Kinnock's oft-proclaimed compassion. In short, policies for the 21st century must replace those originally designed for the 19th.

All of this is difficult. None of it should be impossible in a party that has, for example, embraced the concept of council house sales at huge discounts to sitting tenants, or for a leader who fought the recent election on the least socialist programme since the war. The trouble is that such a strategy cannot by itself guarantee success. A lot will depend upon the extent to which the Liberals plus any SDP rump manage to retain the support of, say, 15 to 20 per cent of the voters. There are other imponderables: the performance of the Government, for example, or the extent to which Labour's hard Left frightens people away. It is a gamble.

Mr Kinnock's best hope lies in a Rooseveltian coalition of the three national opposition parties. This should bring in virtually everyone to the left of the Conservatives, and perhaps even some of the Celtic nationalists. There are many Alliance policies that could be accepted by a Kinnockised Labour party, of which general constitutional reform including a touch of devolution is possibly the easiest and proportional representation perhaps the hardest to swallow. (The Left of the Labour Party, although not Mr Kinnock, is now coming to see the merits of PR, presumably as a means of giving a voice to a future pure socialist party.) There remains the little matter of defence—but, again, the Liberal half of the Alliance would mostly be quite comfortable with a quasi-unilateralist policy, and, anyway, the whole debate may change if there is an agreement to reduce nuclear weapons in Europe.

The upshot would be that the voters would be offered a credible opposition at the next election—although the force of such a Kinnock alliance would be felt in public and Parliamentary debate long before that. Britain would have two parties rather like Europe's Christian democrats and social democrats, with the prospect of a multi-party system after a PR election the following time around. In any such PR election the coalition that won power for Labour under first-past-the-post voting should be well placed to win again.

Some people will protest that the net effect would be to reverse the Thatcher revolution. The truth is that entirely the opposite would have happened: mainstream political debate would at last centre around a general acceptance of both markets and capitalism. What is required is for Mr Kinnock to grasp the opportunity. If he does, the best advice anyone can give the troubled Alliance is—join Labour.

## Letters to the Editor

### Takeover bids

*From Mr J. Rhys-Burgess*

Sir,—When will people like Mr Palamountain (June 25) realise that, strange though it may seem, a public company is not a corporate cornucopia which exists for the benefit of its employees, and the managements which shareholders employ to run their companies, are not the final arbiters of what is or is not in their best interests.

Ultimately, all companies, public or private, are owned by individuals, whether directly, or vicariously, through managed funds. It is for the shareholders, and for the shareholders alone, to determine whether or not an offer is to be accepted. In this sense, it is nonsense to think in terms of the "contested" bid. Contested by whom?

As Lord Hanson observes (July 1) all too often, the only objection to a bid comes from its incumbent management, frequently, it should be noted, in conjunction with trade union representatives, and this surely should always give rise to a prima facie suspicion that the objectors are merely anxious to preserve the status quo, and the not inconsiderable pecuniary benefits and work practices they enjoy under existing arrangements.

The most reprehensible aspect of the "contested" takeover is that shareholders have absolutely no redress against incumbent managements who squander their company's funds in advertising propaganda and consultancy fees when seeking to oppose a potential bidder.

J. C. H. Rhys-Burgess,
*Craig-y-nos,*
*Llangammarch Wells,*
*Powys.*

### Distributing cash

*From Mr J. Stern*

Sir,—Lex (June 29) encourages firms to distribute cash dividends to shareholders to enhance share prices. This is based on Ben Ball's research in the current issue of the Harvard Business Review. Fortunately, his findings can be interpreted with the exact opposite conclusion.

No serious researcher has ever concluded that share prices are always unrelated to dividend distributions. What we know from numerous studies is that values are based on expected future cash generation and the risk incurred to achieve it. The latter presents management with a required rate of return to compensate for risk. If expected returns from cash generation exceed the required return, the share prices are higher the more investments that are committed and thus, the less dividends that are distributed.

Lex tells us "Hold some profitable US blue chips and you will end up on welfare." Tell this to the shareholders of Digital Equipment and Federal Express—no dividends ever paid—or to Capital Cities Communications that pays ½ of ½ of one percent dividend yield and whose shares have increased from $20 in 1975 to $385 today (an earnings yield of 3 per cent) and the surprise will be obvious.

The dominant price-setting investors — the lead steers — want retention if returns on retentions are superior. The dean of lead steers, Warren Buffet, chairman of Berkshire Hathaway, has his shares trading at $3500, the highest anywhere. He has never paid a dividend and hopes to never begin.

Joel M. Stern,
Stern Stewart and Co,
*450 Park Avenue,*
*New York 10022, NY.*

### Radical Russian restructuring

*From Professor V. Ivanchenko*

Sir,—Your Moscow correspondent's article (June 24) on restructuring in the Soviet Union is an interesting contribution to the discussions on this subject in the west.

Radical restructuring of economic management in the Soviet Union certainly aims at enhancing the role of market relations in our economic mechanism. This does not, however, contradict the planned development of the Soviet economy.

Centralised planning will continue to engage in its direct concerns, such as the long-term perspective, improving the balance and structure of the economy overall, preparing and organising work in our major scientific, social and economic programmes, and working out economic regulators and norms, etc.

The market mechanism meanwhile—through direct economic ties, contracts, wholesale trade, co-operatives, and other forms and methods—will service production, consumption, exchange and distribution as part of the organically integrated economic mechanism. In this situation the plan and the market, economic relations with a planned character and commodity-money relations, are not opposites but interlinked elements of a single whole.

It has to be admitted that before the reconstruction of economic management, the role of the market mechanism and of direct links between producers and consumers was underestimated in our country. The role of competition between producers to win the consumer was underrated too.

Western economists often state that the extension of market relations in the Soviet *economy means reversion* to capitalism. But the opposite is true! It should be pointed out that it is precisely the "free" capitalist market that is more and more helped along by state centralised regulation or planning: for example, in restricting monopoly, conducting a finance and credit policy up to fixing bank rates, setting quotas, embargoing the export of technology, applying customs restrictions, and conducting scientific and technological R and D.

The aim of the Soviet Union's restructuring drive or perestroika, however, is to form a socialist market whose objectives, forms and methods complement the specific features of the planned economy. The main goal is to include direct producer-consumer and producer-trade organisation relations in the planning mechanism. This will impart dynamism and flexibility, and will focus on specific, not average, consumers. The efficiency of our economy will rise correspondingly.

Vassili Ivanchenko (Professor),
c/o Novosti Press Agency,
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*119021, Moscow.*

### More woolly thinking

*From Mr R. Macdonald*

Sir,—I have followed with interest recent letters on the potential for United Kingdom goat farming. There are several points to note.

New Zealand requires a flock of 10m goats to meet the demand for fibre markets—we currently have 750,000 goats of which only several hundred have been exported to the UK.

It is correct that goat values have fallen in New Zealand—the main cause has been due to the drastic reduction in tax write-offs available to investors. Prior to December 13, 1985 New Zealand investors could depreciate livestock values to a standard value which, in the case of stud goats, was often only 5 per cent of their cost. The depreciation could be written off against other income and attracted much city investment. With this incentive removed, the demand for livestock has fallen and a consequential fall in livestock values has resulted.

Commercial mohair production has increased in New Zealand by 41 per cent during the last June/June year to 197,500 kgs—this is a positive market signal for real commercial growth.

United Kingdom mohair growers now have a 5 year lead over New Zealand and Australia because they have in place recently imported excellent Texas/Canadian bloodlines. These lines have great genetic value because Texas has been improving their Angora goats for over a hundred years. The world is in short supply of high quality mohair and there is great potential for the United Kingdom to diversify into goat farming, offering the world superior genetic material and fibre for local consumption.

Every kilogram of high quality domestic mohair produced in the UK helps reduce the UK's dependence on imports.

The United Kingdom's climate is not unlike parts of New Zealand where large numbers of goats are being farmed successfully.

In summary, there is a great future for the UK to become serious about angora goat production—using its international reputation for excellence in livestock farming.

Richard Macdonald
(Immediate Past-President,
Mohair Producers Association
of New Zealand)
*c/o 70, Bridge Street,*
*Dollar, Clackmannan.*

### Reforming the rates

*From Mr M. Shields.*

Sir,—In all the furore over rate reform, one point is being consistently overlooked: the overspending local authorities at the root of the problem could not be so profligate had they to raise all their revenue from electors. Of course, the majority of their funding comes from business, which has no say at all in how it is spent.

The real solution, therefore, is not rate reform, but voting reform. Any proposal to introduce a business vote, however, would elicit more screams of horror than even the so-called "poll tax" has. "One-man-one-vote" is one of the many slogans used as a substitute for thought by most politicians. That said—whatever happened to "no taxation without representation?"

Mike Shields,
*199 The Long Shoot,*
*Nuneaton, Warks.*

FINANCIAL TIMES
Thursday, July 2 1987



# US sails into murky waters of the Gulf

**The US decision to reflag some Kuwaiti tankers passing through the Gulf has reinforced doubts about American foreign policy and prompted criticism both at home and abroad, reports Stewart Fleming, US Editor, in Washington**

LAST NOVEMBER, when Kuwait quietly approached the US to find out whether it would agree to put American flags on Kuwaiti tankers, the response was left to the US Coast Guard.

It was only when it emerged that Kuwait had secured a commitment from Moscow to lease it three Soviet vessels that Washington began to pay serious attention to the Kuwaiti proposal. There followed a US decision to put American flags on 11 Kuwaiti tankers and to provide US Navy escorts for them.

From such small beginnings, the Reagan Administration today finds itself embroiled in a controversy which has served only to reinforce doubts about the judgment of the people conducting American foreign policy.


Senator Sam Nunn

At home, the reflagging proposal has stirred bitter memories of the ill-conceived decision to commit US Marines to a "peacekeeping" role in Lebanon. When a bomb destroyed their barracks in 1983, 242 died. The initiative ended early in 1984 with the ignominious withdrawal of the Marines and widspread criticism of the decision to send them on an ill-defined mission.

Fears that the Administration has blundered without thinking into a commitment to Kuwait have also triggered older memories of the infamous 1964 Gulf of Tonkin resolution which helped propel the US into the Vietnam war.

There have been demands on Capitol Hill for the invocation of the War Powers Act. This 1973 law was designed to force a president to make sure he had strong congressional and public support before permitting the continued deployment of American forces in a situation where military confrontation and the loss of American lives was judged a strong possibility.

Abroad, too, there has been a signal lack of enthusiastic support for the American initiative in the Gulf. At the Venice Summit, America's allies blandly expressed support for freedom of navigation in the Gulf. There was no edorsement for the Reagan Administration's intention to achieve this through the reflagging of Kuwaiti ships.

Congress is making its reservations felt. On Tuesday, the bipartisan leadership of the House and the Senate went to the White House to consult with the President, only to be told that the delay they were seeking was not under discussion. White House officials concede that not even the Republicans at the meeting had expressed support for the reflagging.

Moments later, in a carefully orchestrated display of unity, the Administration's top foreign policy makers - Mr George Shultz, Secretary of State, Mr Caspar Weinberger Secretary of Defence, Mr Frank Carlucci, the National Security Adviser, Judge William Webster, the new director of the CIA and Admiral William Crowe, chairman of the Joint Chiefs of Staff - all descended on the White House press room to convey the same message to the public.

But the Administration's attempts to sell its policies have not been well thought through. It has offered a confusing variety of rationalisations for the reflagging operation and the decision to supply American military escorts. Each has run into coherent criticism, notably from Senator Sam Nunn, who has taken on the role of shadow Secretary of State on Capitol Hill.

The foremost defence is that the White House wants to ensure the flow of vital oil through what Mr Reagan has called a "choke point of freedom" for the West - the Straits of Hormuz. Mr Nunn's response is that only 1 per cent of Gulf shipping has been disrupted in recent years by the tanker war.

Moreover, the Georgian senator points out, in most cases, the Iraqis are the culprits. It is Iraq, not Iran, which is threatening freedom of navigation, he says, another principle the White House claims to be defending. So why is Washington lining up against the Iranians?

The White House claims that it had to respond to the Kuwaiti request or cede influence in the Gulf to the Soviet Union. Senator Nunn retorts that if reflagging the Kuwaiti ships provokes Iran into an attack on the newly minted US vessels or their escorts and leads to a US-Iranian military confrontation, Washington will be the loser, for it will be driving Moscow and Iran closer together.

If Administration policy is as muddled as its critics say, how did the White House blunder into it?

Analysts say the explanation is partly that the Reagan Administration has never seriously addressed the Middle East issue except as a facet of US-Soviet relations which has obsessed policymakers. It has therefore lacked expertise and understanding of the complex politics of the region at the highest levels.

Moreover, a note of urgency has been injected into Middle East policy considerations by unmistakable evidence that Moscow is playing a much more effective diplomatic role in the region. Experts point out that the Soviet diplomatic offensive in the area is at least two years old, but Washington has only recently begun to face up to the implications.

The most recent complicating factor has been the horrendous damage done to US credibility with the moderate Arab states by the arms-for-hostages deal with Iran. This has forced the Administration to face up to the vital task of restoring American prestige and influence.

These new perceptions have produced what is in some respects a more positive approach from Washington. Thus, with the Syrians signalling a more reasonable stance on the issue of terrorism, Washington has wasted no time in trying to improve relations with a state whose influence is pervasive in the region.

Similarly, in spite of its reservations about the prospective role which Moscow might play, the US has not rejected out of hand the idea of an international peace conference aimed at trying to bring about a settlement of the Arab-Israeli conflict.

All of this, although belated, is worthwhile. But there are few Middle East experts who are anything like as generous in their assessment of the reflagging operation.

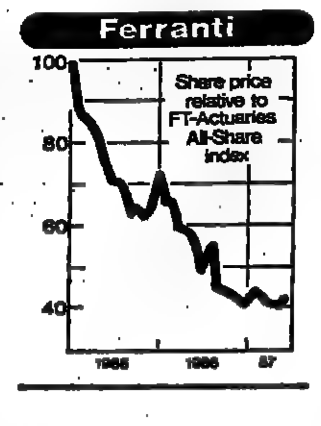
The bottom line, some say, is that Washington is entering into a commitment from which it cannot withdraw without jeopardising its status as a superpower, such is the importance of the Gulf to the West. But it is doing so without that depth of domestic support which would provide some assurance that the US could live up to the far-reaching commitments implicit in the choices it is making.

Perhaps, as Senator Nunn hopes, there is still time for a diplomatic solution

THE LEX COLUMN

# A clearer screen at Ferranti

The little bit of relative strength shown by Ferranti's shares yesterday - rising 6p to 139p while the rest of the market fell - is barely discernible against the underperformance of the last couple of years. The former high flyer has been well and truly grounded. But the message from the group, which like GEC on Tuesday held its first results press conference, is rather more encouraging than for some time.




The rise in profits in 1986-87 from £41.1m to £50.2m was patchy enough not to merit over-enthusiasm. Loss elimination is a continuing process at Ferranti where new holes appear whenever old ones are plugged. At least some of those gaps can be justified as the cost of entry into new markets. And no one could be blamed for losing money in the US semi-conductor industry last year. A bounce back in electronics from last year's £300,000 to above the previous year's level of £3.7m, and some recovery in the offshore oil business now that the oil price appears more stable, help current year forecasts to £58m pre-tax without pinning too much on real growth.

For a re-rating, though, Ferranti must wait quite a while yet. It needs to prove it can expand its market shares - for instance under the new Ministry of Defence ordering system - and that will take time given the delays in placing business. Meanwhile the shares will be subject to every rumour going on defence contracts. Counteracting that are the repeated bid stories. Between the two, the prospective multiple of under 16 looks neatly balanced.

## Touche Remnant

The sacking of Mr Peter Gray may not be the end of the saga of troubles at Touche Remnant. Managing investment managers is not easy, and the company is having to negotiate a lengthy period of transition. Until two years ago it was a co-operative rum for the benefit of its group of investment trusts, which own it, but now it is a commercial operation and within about another three years aims to be launched as an independent listed company. The metamorphosis is not proving easy.

A large number of executives have been hired in the past two years, and have been promised a stake in the flotation proceeds when they materialise. So it was quite a blunder last year when negotiations were entered into for a takeover by Metropolitan Life, said to have been worth more like £100m than the £30m at which TR is currently carried in the books of the trusts. The deal would have suited the trusts but would have wiped out most of the executive options. Not surprisingly there was a row.

Back on the long and winding road to flotation, TR now has to cope with two joint managing directors, while the chairman, Lord Remnant, is also chairman of three of the trusts, so that he needs a vice-chairman of TR specially deputed to talk to the increasingly restive major institutional shareholders in the trusts. This new vice-chairman, Mr Paul Manduca, also happens to be manager of the biggest trust, TR Industrial and General. Such a tangle of relationships and responsibilities does not exactly come out of a management textbook. Three years may be too long to wait for a clarification.

## Bristar

Bristar is such an attractive and logical (and yet materially insignificant) repackaging of S & W Berisford's sugar, food and agribusiness activities that it is tempting to deduce motives of defence or demerger. But arguments that a separate management identity within a larger group need not signal separate flotation resemble those at Bricom, the sound-alike creature which no one expects British and Commonwealth Holdings to let off the lead, yet.

Chicago hog butchers found a use for everything except the squeal, and Bristar has something similar in mind for the humble sugar beet. With Brussels unlikely to redistribute quotas in British Sugar's favour, the company is surely right to squeeze every last drop of value from unchanging output. As for other crops, farmers should squeeze themselves if they foresee a windfall from plans to convert their straw into briquettes. It is hard to envisage a competing buyer as scorched earth follows hedgerows to rural extinction.

British Sugar's flood of medium-fetched ideas, including substituting home-grown lupins for transatlantic soya, suggests overreaction to years of utter management boredom. After all, it only discovered last year (to Tate and Lyle's relief) that a dominant market position meant it could actually raise margins on sugar. Berisford shares added 2p to 375p in a market that was not officially informed of the re-organisation.

## J Rothschild

Now that J Rothschild has become little more than an investment trust, its profit figures have become a strange mixture of the mysterious and the uninteresting. But with the profits comes the asset valuation, which gives some idea of whether the strategy of moving from investment house to own-account dealer has worked. Only some idea, because Rothschild does not deign to publish up-to-date asset valuations, as a true investment trust would.

The 25 per cent gain in asset value in the year to March is no better than the UK equity markets, which is not too impressive for a company that has geared up in a bull market, and has an unusually rich range of contacts at the highest levels. The problem, in retrospect, was underinvestment in the UK and overinvestment in the US. But keeping pace with the All-Share is better than shareholders would have experienced if Rothschild had not sold off its merchant banking activities.

Assuming a reasonable ride in the markets since March, and a successful flotation of the leasing subsidiary, the share price, unchanged at 200½p, is at a discount of only about 13 per cent to asset value. That suggests that the recent striking outperformance of the shares has run its course.

# Reagan names Bork for Supreme Court

BY STEWART FLEMING

PRESIDENT Ronald Reagan yesterday nominated a staunch conservative, Judge Robert Bork, to succeed Justice Lewis Powell as a member of the Supreme Court.

The decision signalled Mr Reagan's determination to try to ensure that his political philosophy continues to influence American public life after he leaves office.

The President appeared in the White House press room personally to make the announcement, a move which seemed designed to demonstrate that he is prepared to back the appointment to the hilt if necessary.

Judge Bork, an Appeals Court judge, has been highly critical of many Supreme Court rulings, including the 1973 decision which legalised abortion. He could face a fierce grilling in the Senate Judiciary Committee which will hold hearings into the nomination. The nomination must be approved by the Senate.

Conservative supporters of the President had seen the appointment of a new Supreme Court Justice as an opportunity to tip the balance of the Court to the right on several social policy issues. Liberals on Capitol Hill have given warning that they will oppose and delay the appointment should the President try to do this, although there are doubts about whether they could succeed in blocking it.

Mr Reagan appears to have rejected the advice of officials who favoured the nomination of a more moderate figure than Judge Bork in order to try to speed up the nomination process. Instead, the President seems to have decided that he should nominate an individual behind whom his Conservative supporters can rally.


Ronald Reagan

# Honda to export US production to Japan

BY JAMES BUCHAN IN NEW YORK

HONDA, the Japanese motor group, announced yesterday that it would soon begin exporting US-made motorcycles to Japan in a small but significant reversal of recent trade flows.

The company, which is now the largest maker of vehicles in the US after the Detroit Big Three, said it would begin exporting high-powered Gold Wing motorcycles back to its home market next year. Around 500 of the 1200cc models, manufactured at Honda's plant at Marysville, Ohio, will make up the initial order, said Mr Yoichi Aoki, an official of Honda North America in New York.

Yesterday's announcement comes amid growing speculation that Japanese manufacturers would start shipping US production home in response to the drastic devaluation of the dollar, which has declined over 40 per cent since the Ohio plant opened at the end of the 1970s.

The devaluation– as well as protective tariffs and a tight hold on costs– has helped revitalise Honda's sole US competitor in the superbike market, Harley-Davidson. Harley yesterday celebrated its return to favour with a listing on the prestigious New York Stock Exchange and a motorcycle parade down Wall Street.

However, Mr Aoki said US production costs and the exchange rate had not played a role in Honda's decision. Honda had never made the Gold Wing in Japan, because it was once regarded as too large for Japanese riders and because of tight licence restrictions. "The primary market is the US but Japanese demand is gradually expanding,' he said.

# China takes fright at increase in birth rate

By Robert Thomson in Peking

CHINA HAS foreshadowed a toughening of its controversial population control programme following an unexpected increase in the country's birth rate.

Second births rose by 20 per cent last year and the figure is believed to be higher this year, making it unlikely that China will reach the target of keeping its population below 1.2bn at the end of the century.

The official China Daily reported yesterday that the upsurge in second births is jeopardising the family planning programme and said officials have been urged "to take effective measures to put an end to extra babies". It was not made clear what the Government meant by effective measures.

Restrictions limiting each family to one child have been eased slightly in the last two years in several provinces, but the leap in the birth rate has surprised the Government. According to the state statistical bureau, 80 per cent of extra births in one province last year were against the law, while the number of third children in Guangdong province, in the south, increased by 60 per cent.

The Chinese Government has been condemned for tolerating forced abortions and for policies that encourage female infanticide,although it maintains that these practices are forbidden. However, the Government concedes that overzealous officials have forced women to have abortions.

Increasing wealth has made mandatory fines more tolerable for couples who have more than one child. Couples agreeing to have a single child are given subsidies and allowances of up to 40 per cent of their income. If a contracted couple has a second child, the bonuses are forfeited.

Diplomats are unsure what new measures the Government will take,although controls are certain to be tightened in regions where restrictions have been relaxed in the past year, and monitoring will increase

The pressure on women to bear male children is particularly great in backward areas, where daughters are thought of as useless or even a loss, as they are not as productive in the fields and become the property of their husband's family after marriage.

Continued from Page 1

## Seoul celebrates in low key

in the next few days. Mr Chun promised to allow the freedom and restoration of civil rights of extensive numbers of people "to promote national reconciliation". About 3,000 people are estimated to be detained for political reasons.

Mr Chun did not refer directly in his speech to Mr Kim Dae Jung, the opposition leader who is banned from politics under the terms of a suspended sentence for sedition. But aides said he was likely to given his political freedom soon.

Mr Kim yesterday welcomed the speech as a victory for the people. His colleague, Mr Kim Young Sam, said that the people had achieved a peaceful political revolution

As in Argentina, worries about the desire for revenge are a key factor in the thinking of the South Korean military. In the months to come, as politicians struggle to meet the deadline, watched for any insincerities by the press and the public, analysts believe the solving the revenge problem is likely to rise to the top of the agenda.

# Japanese firms head league of Eurobond issuing houses

BY ALEXANDER NICOLL, EUROMARKETS EDITOR, IN LONDON

THREE Japanese securities firms headed the league table of Eurobond issuing houses in the first half of 1987, underlining the rapid inroads being made by Japanese financial institutions into international markets.

The European subsidiaries of Nomura Securities, Daiwa Securities and Yamaichi Securities - ranking first, second and third respectively - between them led more than a quarter of the $90.4bn of Eurobonds issued.

Despite difficult market conditions, particularly in the dollar market, the issue total almost matched the pace of last year's record volume. This highlighted the growing role in international bond markets of currencies such as the yen, sterling and the Australian dollar.

Japanese houses reject charges that they have bought their market share - the 1986 rankings of the three leaders were second, fifth and twelfth respectively - through undercutting the competition.

Intense competition in the Eurobond market has, however, put growing pressure on the profitability of many participants. The latest data highlights huge changes in the structure of the Eurobond market which have heightened that pressure.

Houses specialising in dollar bonds have faced a poor market for fixed rate issues and a slump in the floating rate note sector. According to figures compiled in New York by IDD Information Services, issues of Eurodollar bonds fell sharply to $34.6bn during the first half, compared with $114.3bn in the whole of 1986.

The yen, meanwhile, has increased its share dramatically to $17.6bn, approaching the $18.7bn-worth issued in the whole of 1986.

The growth of the yen sector and of bonds either convertible into equity or with equity warrants attached has helped Japanese firms. They have huge investor bases at home for yen securities and can also command the loyalty of Japanese corporate issuers wanting to issue equity-related debt.

The growth of sectors such as sterling and the Australian dollar have boosted the positions of some British banks, including S.G.Warburg, which rose from 18th to ninth.

Some well-established firms, such as Credit Suisse First Boston which has slipped from the top position, have fallen down the tables. Three prominent US investment banks, Merrill Lynch, Shearson Lehman and Goldman Sachs, have dropped out of the top 20 lead managers.

Eurobonds, Page 19

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 27 | 81 | Dubrovnik | S | 30 | 86 | Malta | S | 30 | 86 | Rhodes | S | 27 | 81 |
| Algiers | S | 27 | 81 | Edinburgh | F | 16 | 61 | Manchester | F | 16 | 61 | Rio de J'o | S | 29 | 84 |
| Amsterdam | S | 18 | 64 | Faro | S | 29 | 84 | Manila | C | 31 | 88 | Rome | C | 30 | 86 |
| Athens | S | 32 | 90 | Florence | S | 35 | 95 | Melbourne | F | 13 | 55 | Salzburg | S | 30 | 86 |
| Bahrain | S | 38 | 100 | Frankfurt | F | 26 | 79 | Mexico City | - | - | - | San Francisco | C | 16 | 61 |
| Bangkok | C | 33 | 91 | Funchal | S | 24 | 75 | Miami | R | 30 | 87 | Seoul | S | 29 | 84 |
| Barcelona | S | 26 | 79 | Geneva | TH | 28 | [illegible] | Milan | S | 31 | 88 | Singapore | R | 26 | 79 |
| Beirut | S | 29 | 84 | Gibraltar | S | 24 | 75 | Montreal | C | 26 | 79 | Stockholm | F | 21 | 70 |
| Belfast | F | 15 | 59 | Glasgow | F | 14 | 57 | Moscow | S | 16 | 61 | Strasbourg | C | 25 | 77 |
| Belgrade | S | 30 | 86 | Guernsey | S | 16 | 61 | Munich | C | 27 | 81 | Sydney | C | 13 | 55 |
| Berlin | C | 22 | 72 | Helsinki | S | 17 | 63 | Nairobi | F | 25 | 77 | Taipei | R | 33 | 91 |
| Biarritz | C | 19 | 66 | H. Kong | C | 32 | 91 | Naples | F | 29 | 84 | Tangier | - | - | - |
| Bombay | R | 25 | 77 | Innsbruck | F | 23 | 73 | Nassau | - | - | - | Tel Aviv | S | 29 | 84 |
| Bordeaux | C | 21 | 70 | Inverness | F | 14 | 57 | New Delhi | S | 40 | 104 | Tenerife | S | 26 | 79 |
| Brussels | S | 20 | 68 | Islamabad | S | 43 | 109 | New York | C | 33 | 91 | Tokyo | C | 32 | 90 |
| Budapest | S | 29 | 84 | Istanbul | S | 30 | 86 | Nice | S | 28 | 82 | Toronto | C | 26 | 79 |
| B. Aires | C | 18 | 64 | Jakarta | R | 30 | 86 | Nicosia | S | 38 | 100 | Tunis | S | 29 | 84 |
| Cairo | S | 37 | 99 | Jersey | S | 19 | 66 | Oporto | S | 19 | 66 | Valencia | S | 28 | 84 |
| Cape Town | C | 15 | 59 | Jo'burg | S | 20 | 68 | Oslo | F | 14 | 57 | Venice | S | 32 | 90 |
| Caracas | C | 26 | 79 | Lima | C | 20 | 70 | Paris | S | 23 | 73 | Vienna | S | 29 | 84 |
| Casablanca | S | 26 | 79 | Lisbon | S | 29 | 84 | Peking | F | 26 | 79 | Warsaw | S | 29 | 84 |
| Chicago | C | 25 | 77 | London | S | 22 | 72 | Prague | TH | 28 | 82 | Washington | - | - | - |
| Cologne | S | 23 | 73 | Los Angeles | S | 24 | 75 | Reykjavik | S | 12 | 54 | Zurich | TH | 29 | 81 |
| Copenhagen | S | 19 | 66 | Luxembourg | S | 24 | 75 | | | | | | | | |
| Corfu | S | 31 | 88 | Madrid | S | 31 | 88 | | | | | | | | |
| Dallas | - | - | - | Majorca | S | 28 | 82 | | | | | | | | |
| Dublin | F | 16 | 61 | Malaga | S | 26 | 79 | | | | | | | | |

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Marcos loses Swiss appeal over $1bn

BY WILLIAM DULLFORCE IN GENEVA

SWITZERLAND'S Federal Tribunal, dismissing appeals by Mr Ferdinand Marcos, yesterday upheld decisions by Swiss cantonal authorities to provide the new government in Manila with legal assistance in recovering some $1bn, alleged to have been obtained illegally, and transferred through Swiss banks by the former Philippines president.

Five federal judges ruled unanimously that bank secrecy could be lifted and that the assets of the Marcos family and associates in the cantons of Geneva, Zurich and Fribourg should remain blocked while investigations continued.

The supreme court ruling removes an important hurdle for the government of President Corazon Aquino but Marcos lawyers can be expected to file fresh appeals against the handing over of documents and any eventual decision to allow the repatriation of monies.

Mr Marcos, his wife, Imelda, and two associates, Mr Roberto Benedicto and Mr Ignacio Jiminez, had filed nine appeals against the provision of Swiss legal assistance, claiming that no criminal charges had been laid against them in the Philippines.

They also argued that the Philippines did not observe standards of human rights that adequately protected defendants.

Swiss bank secrecy can only be lifted for criminal, not for civil cases. It is enough, however, for a government requesting Swiss legal aid to show that the case being pursued involves criminal charges

In March 1986, shortly after the Marcos flight to Hawaii, the Swiss Government took the unprecedented step of ordering Swiss banks to freeze all accounts believed to belong to Mr Marcos and his family.

# INTERNATIONAL APPOINTMENTS

## Hongkong Bank elects new chief for the Americas

BY DONALD MACLEAN

MR JOHN BOND, 45, has been appointed chief executive for the Americas of Hongkong and Shanghai Banking Corporation (HKSB), in succession to Mr Angus Petrie, 88, who has retired.

HKSB has extensive interests in the US and other parts of the North and South American continents outstanding, among which is its 52 per cent stake in Marine Midland Banks, the 18th largest US bank holding company.

Marine Midland is run on a largely autonomous basis, but Mr Bond has, in the middle of last month, taken over a place on the board of this company from Mr Petrie. In this capacity, he has a say, but not executive control over the Latin American debt problems in which Marine Midland is involved, along with other US banks elsewhere.

Mr Bond was formerly chief executive of Wardley, the merchant banking arm of HKSB. The parent company, set up in Hong Kong in 1865, and still based there, claims to be one of the oldest foreign banks in the US, having established its first American office in San Francisco in 1875.

It now has offices in eight of the market centres in the US—New York, Washington DC, Chicago, Houston, Los Angeles, Portland and Seattle, as well as San Francisco.

The worldwide assets of HKSB at the end of 1986 came to US$91.7bn.

## Mitel splits up top job structure

BY OUR FINANCIAL STAFF

MITEL, the Canadian telecommunications equipment maker which was last year acquired by British Telecom, has appointed Mr Anthony F. Griffiths chairman, in succession to Mr David Golden, who is to remain a director and also to continue as chairman of two subsidiaries, Mitel Datacom and Trillium Telephones Systems.

Mr Griffiths takes up this post from those of president and chief executive. No successor has yet been nominated to the latter posts, though it is intended there will be one.

## NASD chairman becomes president

Mr Joseph R. Hardiman has been elected president of the National Association of Securities Dealers, which runs the US over-the-counter stock market, with membership of 6,600 concerns.

Mr Hardiman, who has served this year as chairman, and who is managing director and chief operating officer of Alex Brown & Sons, the US investment house, succeeds Mr Gordon S. Macklin, Jnr, who has resigned after 17 years to be co-chief executive of Hambrecht & Quist, the San Francisco-based house and a member of NASD.

## Nokia move in North America

By Olli V. Virtanen

Mr Jan Loeber: taking broad role at Nokia

NOKIA GROUP, the Finnish electronics, cable, rubber and paper industry group, has appointed Mr Jan Loeber as president and chief executive of Nokia Inc, which comprises all the group's activities in North America.

Mr Loeber will also be a member of the operating board of the Nokia Group, the largest traded industrial group in Finland, with annual net sales equivalent to $3bn.

## Senior switch by Firestone on world operations side

BY OUR FINANCIAL STAFF

Mr Albert E. Suter, 51, has been elected president and chief operating officer of THE FIRESTONE TIRE & RUBBER COMPANY. He takes responsibility for the company's world tyre, sales and service and diversified products operations.

Mr John Nevin, 60, who stands down from these positions, remains chairman and chief executive.

For the past eight years, Mr Suter has been an executive with Emerson Electric Company, the St Louis-based manufacturer of a broad range of electrical and electronic products and systems, with annual sales of $5bn.

## Top Montedison world healthcare post change

MR PAOLO MORRIONE has been appointed a director, president and chief executive of Erbamont NV, the company which holds all the world interests of the Montedison group of Italy, in the field of health care.

Mr David E. Robinson, who is president of Adria Laboratories, the Erbamont operating subsidiary in the US, has been appointed vice president and chief operating officer of Erbamont NV.

Mr Morrione replaces Mr Alberto Mario Ferrari, who has been appointed Chairman of Montedison USA.

Mr Ferrari retains the position of chairman of Farmitalia Carlo Erba, of which he has been vice-president and managing director.

* * *

ITT CORPORATION, the US telecommunications group has increased the number of the company's directors to 15 from 14, with the election to the board of Mr Benjamin F. Payton, president of Tuskegee University.

Mr Payton is to serve on the executive policy, capital, legal affairs and public affairs committees.

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Our client, a UK Merchant Bank, wishes to recruit a confident and articulate Chartered Accountant to become involved with top level ad hoc project work.

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Please contact Robert Morgan (who can also be contacted outside office hours on 01-870 3037).

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# Accountancy Appointments

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Our client, a successful and highly commercial subsidiary of a substantial UK Group, is a market leader in leasing and contract hire. It has a reputation for providing individually tailored and high quality services for an extensive range of corporate customs. In a fast moving and competitive market it has an exceptional record for growth and increasing profitability.

A Finance Director – Designate is now required who will assume overall responsibility for financial management and data processing needs of the company. The appointee will also play a key role in the day-to-day running of the company, policy setting and business development, both organically and by acquisition.

Candidates will be qualified accountants with excellent technical skills supported by a strong personality and personal acumen. The successful candidate will be a dynamic young professional who enjoys contributing at the highest level and is able to bring an intellectual sharpness to the financial strategic thinking of the company. The environment is market orientated, pro-active and highly entrepreneurial. Previous experience of managing large systems projects is essential as the company is currently undertaking a major systems review.

Based in Croydon, Surrey, with a certain amount of UK travel, this new position offers an excellent opportunity for an individual capable of making a critical contribution to the strategic development of the company and with aspirations to move into general management in the future.

Please write in confidence, enclosing full career details, quoting reference S6092, to Anne Routledge.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

## FINANCIAL CONTROLLER
### INVESTMENT MANAGEMENT

London — Negotiable over £30,000, plus car

Our client is an independent investment management company whose business has been expanding extremely rapidly in the last few years.

A financial controller is required not only to lead the finance and accounting function but to become involved in the commercial aspects of running the business. There is a need to operate to tight systems and procedures.

Applicants are likely to be aged over 30 and will be chartered accountants. Knowledge of the securities business is desirable but not essential. This experience could have been gained while qualifying as an accountant. It is essential to possess current data processing systems experience.

This is an excellent career opportunity offering advancement potential.

*In the first instance, please send career details to Michael Ping quoting reference F/557/P at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.*

Ernst & Whinney

UNIVERSITY OF WARWICK
SCHOOL OF INDUSTRIAL AND BUSINESS STUDIES

RESEARCH FELLOWSHIPS
APPLICATIONS OF MATHEMATICS TO FINANCIAL PROBLEMS

A senior research officer and a research officer are required for a two year ESRC research project on the applications of continuous time models to financial valuation problems. The project will be directed by Professor Stewart Hodges.

Applicants are sought with either expertise in numerical analysis and computing (particularly numerical quadrature and the solution of partial differential equations) or with research experience in the option valuation risk management literature.

The appointments will be made on the scale Grade 1A and Grade II range for research staff (£12,035-£18,210), and will be with effect from 1 November 1987 or to be agreed.

Application forms and further particulars from the Registrar, University of Warwick, Coventry CV4 7AL (0203) 523627, quoting Ref. No. 48[illegible]86/M. Closing date 24 July 1987.

AN EQUAL OPPORTUNITIES EMPLOYER

## Senior Tax Consultant

Chiltern Financial Services plc, a leading tax and financial consultancy, is looking for an experienced tax professional for a new key position.

Reporting to a Director, and with support from a multi-disciplined team, the main responsibility will be to advise major organisations and their executives on a variety of taxation issues. There will be an emphasis on the taxation of individuals, and a significant element of international planning.

The position demands a high level of technical expertise, a creative approach to solving problems, and the ability to meet our exacting standards. The salary will fully reflect experience and potential, and will be enhanced by profit sharing, a car and other benefits.

To apply please write with C.V. to:
Geoffrey Adams, Director,
Chiltern Financial Services plc,
90 Tottenham Court Road,
London W1P 0AA. Telephone 01-631 4866.

CHILTERN



## Treasury Manager

### A creative approach to Group financing to £30,000 + car

The Burmah Group is a highly successful British-owned multinational committed to profitable development through organic growth and acquisition. Our three divisions, specialising in lubricants and fuels, speciality chemicals and LNG transportation, operate in over thirty countries.

The role of Group Treasury is to ensure the availability of adequate funding for the Group on optimal terms, and to control cash, debt and foreign exchange exposure. We now seek to strengthen this small but highly professional team by the recruitment of a Treasury Manager, whose brief is to apply a firm, creative approach to the structuring and negotiation of borrowing facilities and to all aspects of treasury management.

This will involve travel to UK and overseas subsidiaries to review existing financial structures, to identify and recommend appropriate cash control and funding.

In order to gain credibility and co-operation and to be effective with internal senior financial management and external banking and professional advisers, you must demonstrate familiarity with the full range of treasury management techniques and have proven experience of arranging borrowing facilities.

Ideally, you will be an honours graduate with an ACA, MCT or MBA and experience in the treasury or corporate finance department of an international group. You will need personal qualities of a high order: an extremely flexible, co-operative and persuasive style is vital if our objectives are to be met through you.

Salary will be geared to attract high-calibre individuals; an excellent benefits package includes non-contributory pension, BUPA and generous relocation assistance where appropriate.

For a preliminary discussion telephone Stephen Turley, Personnel Manager, on 0793 30151 extn 2661 during normal office hours. To apply, send your cv to him, indicating current salary, at Burmah Oil Trading Limited, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE.

Burmah

## Finance Manager

North Midlands — to £25,000 + car & bonus

Ohmeda Medical Engineering is a worldwide business within the BOC Group's Health Care sector. It designs, installs and maintains the specialist systems that convey gases and other essential services to patient treatment areas in hospitals. A Finance Manager is required for the UK based operations which are responsible for the Europe/Middle East Region.

Reporting to the General Manager, you will be responsible for the total accounting function of this autonomous unit and for the development and management of all business systems which are already extensively computer based. You will also be expected to participate fully in the further strategic development of the business.

You will be educated to degree level, a qualified accountant and preferably aged 28-35. Some of your experience will have been gained in large industrial companies which operate sophisticated management control systems. You will have an outgoing personality and must be able to contribute to the development of the business.

Future career prospects within BOC are excellent and relocation expenses are available.

**Please send a detailed c.v., including daytime telephone number, in strict confidence to George F. Cross, at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel. (01) 930 6314.**

MAL
Management Appointments Limited

# FINANCIAL DIRECTOR

## Reading c.£35,000 + car + benefits

Premier Portfolio, a subsidiary of British & Commonwealth Holdings plc, is a young – yet already substantial – consumer finance house, specialising in mortgage lending and administration.

The position has arisen as a result of rapid growth and dynamic future business programmes. Major responsibilities will be ensuring the adequacy of financial controls in coping with future requirements, the further development and interpretation of management information and making strategic contributions to business plans and their execution.

Candidates, preferably graduates, must be chartered accountants with a minimum of 3 years commercial experience. A financial services background would be advantageous, but not essential. Key personal qualities are a vigorous, enquiring mind, commitment to flawless implementation of controls, a strong and outgoing personality with the ability to enthuse and develop company staff to perform well as a team.

Please write in confidence, with full career details, quoting reference P8907, to Mike Blanckenhagen.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

# Finance director

## Fast moving consumer goods

### London, c£40,000 plus stock options

C&L

This is a rapidly expanding Group in a highly entrepreneurial specialist trading sector with a reputation for innovation and aggressive marketing of new concepts. With the benefit of a major investment in its future, the Group is poised for considerable expansion. Longer term plans include flotation.

It seeks a Financial Director with three key roles. Firstly, to strengthen the top management team providing crucial financial expertise and support to strategy planning and implementation. Secondly, to ensure that accounting systems and management information throughout the Group is of the very highest standard. Thirdly, to analyse and solve the problems of financial management in the biggest subsidiary, probably by acting as Finance Director within it for a period.

This unusually demanding appointment calls for a qualified accountant, perhaps also an MBA, who can support and contribute to fast moving initiatives on the one hand, yet provide essential controls and information on the other. The ability to work closely with a young, exceptionally committed team is essential. A background in line management at a senior level, a deep knowledge of DP systems and experience at Board level in a fast moving consumer goods type of environment are essential.

The excellent package will include an attractive stock option scheme, a car and relocation expenses if appropriate.

Please apply in confidence, with a daytime telephone number, to Gregory T M Hinds, Ref: GH704.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

# Financial Director

West End
Advertising Agency

Aged 28-32
ACA/ACCA

Commitment, courage and good administration skills necessary.

Package circa £25,000-£30,000 plus profit share, options and benefits.

*Send c.v. to Box A0604*
*Financial Times*
*10 Cannon Street*
*London EC4P 4BY*

# ACCOUNTING FOR ENERGY

Amerada Hess is one of the world's major oil producers with worldwide assets of $5bn and one of the top 10 North Sea operators. At the forefront of technological development for the cost-effective production from today's fields, the company has a firm foundation for growth.

Vital to the success of the operation is an efficient and highly effective accounting function. Careful monitoring and control of its operations has permitted Amerada Hess to react quickly to changing market conditions and this has depended upon the expertise of the close-knit accounting team.

As part of its continued growth Amerada Hess now seeks to recruit four more qualified accountants. Each position offers immediate responsibility and excellent prospects for development within this exciting and challenging industry as well as an attractive remuneration package.

## SUPERVISOR

As the involvement of Amerada Hess in the North Sea expands, the need for close supervision of its many operations also increases. The Supervisor will be responsible for all financial and management accounting and for reporting to senior UK and US management.

The position calls for extensive experience of the oil and gas industry and familiarity with UK and US reporting as well as with UK Tax legislation.

A qualified accountant with strong management skills and a minimum of 4 years post-qualification experience will succeed in this role. The role will also appeal to more mature candidates having significant relevant experience.
(Ref 7271)

## AUDITOR

Operations audit is viewed as a key contributory role within Amerada Hess and an additional auditor is now required to ensure that all facets of the operation are adequately covered. The specialist nature of oil accounting and operations makes this an exceptionally challenging role requiring an accountant with extensive oil industry experience.

A strong personality and well developed communication skills are essential.
(Ref 7272)

## 2 FINANCIAL ACCOUNTANTS

North Sea operations are major investments involving joint ventures. Amerada Hess is a party to nearly 100 of these, which are subject to corporate accounting and reporting requirements, and where Amerada Hess is the operator involve comprehensive reporting to partners.

With the growth of this involvement Amerada Hess needs to strengthen the Joint Venture and Corporate accounting teams and seeks an additional accountant for each. Two years post-qualification experience or equivalent, ideally in the oil industry, is necessary for these positions.
(Ref 7273)

If you are seeking a challenging role in one of the most exciting industrial sectors and are looking for a remuneration package that matches up to your ability, please write to **Jo Cutmore** at **Jamieson Scott** quoting the above references and enclosing details of your career to date.

AMERADA HESS

PLEASE WRITE, QUOTING RELEVANT REFERENCE NUMBER, TO JO CUTMORE AT Jamieson Scott MANAGEMENT SEARCH, LLOYDS AVENUE HOUSE,

Midland Montagu is the investment banking and securities arm of Midland Bank plc.

The Planning, Resources and Control Team within our Information Technology Group is a small, high-profile function with a brief to develop to tight timescales short and long-term IT strategies. These include the establishment and implementation of effective financial control procedures for the IT Group. The team's expansion has led to the creation of the following challenging appointments.

# MANAGER – IT ADMINISTRATION

## to £28,000+car

This is a key developmental role with responsibility for all aspects of systems financial control and administration in a complex legal and financial framework. Managing a small team – and with a budget of up to £30m – other tasks will include invoice and expenses control, asset registers and premises issues.

Ideally a qualified accountant, you should have at least 5 years' experience in a financial control environment, together with sound financial and budgeting skills. Experience of managing large operating plan cycles would be useful, as would a background of systems and projects work.

# SENIOR FINANCIAL ANALYSTS

## to £18,000

As part of the Manager's team, you will be undertaking wide-ranging financial analysis, which will include drawing up and monitoring budgets, reviewing the financial components of project proposals, and establishing detailed financial records. You will work closely with a number of IT departments.

Probably a part-qualified accountant, you should have a minimum of two years' experience in a financial control or planning environment, be highly numerate and have good interpersonal skills. Familiarity with Lotus 1-2-3 or similar software packages will be an advantage.

Salaries will reflect experience and the level of appointment. Excellent benefits include mortgage subsidy, non-contributory pension scheme and family medical care.

MIDLAND MONTAGU

Please write with full personal and career details, indicating the position of interest to: A. Menhennet, Assistant Manager, Personnel, Midland Montagu, Suffolk House, 5 Laurence Pountney Hill, London EC4R 0EU.

Midland Montagu

Excess Insurance Group

# LIFE ASSURANCE ACCOUNTANT

## from £16,000 + benefits

The Excess Insurance Group, which is part of the ITT Group and operates in a wide range of insurance markets both within the U.K. and overseas, is in the process of forming a new Life Assurance Company. This is an exciting opportunity for which an accountant is needed.

Working within the Group's Management Accounting section, the successful applicant will initially be responsible for the production of all the accounting reports and returns for this new company, developing systems as necessary to ensure the highest efficiency. Experience in this field is therefore highly desirable. As regards a professional qualification, ideally ACA or ACCA. We regard the position as one from which progression into other accounting roles within the Group would be natural, given success.

The post is based at our Worthing head office. The salary is negotiable (within limits) and the benefits attached include a non-contributory pension scheme, free life assurance, mortgage subsidy (normally after a qualifying period) and use of our excellent sports and social facilities.

Please apply in the first instance for an application form, or send details of your career to date to Mrs. Kathy Calmann, Personnel Department, Excess Insurance Group Limited. Telephone: 0903 39933 Ext. 3337.

THE WARREN, WORTHING, WEST SUSSEX BN14 9QD

# Financial Controller
## Commodity Trading
**City £20–24K**

Our clients are traders in ores and minerals, worldwide. The company established a branch in London in 1986, and is engaged in trading activities throughout Europe, the Middle and Far East.

A qualified accountant, preferably chartered, is needed to maintain the branch's accounts, produce regular financial and management information, and be responsible for treasury operations. This is a fast moving business, and the successful candidate will be working as a member of a small, young team where a shirt sleeve approach is essential. This is an opportunity to join a green-field operation and participate in its growth.

The job would suit a young, energetic accountant, preferably with a few years' post qualification experience in a financial services or other relevant business environment. As the branch is shortly to computerise, experience with computerised accounts systems would be invaluable.

Please apply with a full cv including current salary and daytime telephone number, and quoting reference 1500 to:

**BinderHamlyn**
MANAGEMENT CONSULTANTS

Roger Bull, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

# Head of audit
**City £35,000 neg+car**

C&L

For a long established international financial services group whose activities include membership of the Acceptance Houses Committee, a broad range of corporate banking services, retail banking, securities trading and market making, and asset management. The group is widening the scope of the internal audit function to deal with the increasing complexity of the business and the changed regulatory environment and seeks a strongly commercial auditor to lead the expanding team.

Working closely with the Group Compliance Officer you will have total responsibility for supervising and maintaining existing procedures across the full spread of the group's banking and other financial services activities while ensuring that systems and controls are developed to meet the changing requirements of the group and the SRO's. Yours will not be a purely regulatory function, you will be expected to make a significant commercial contribution to the firm's activities.

A qualified Chartered Accountant, probably aged in your late 30's, you will almost certainly have trained with a major audit firm and will have substantial experience of both financial and operational audit with a sizeable organisation in the financial services sector. A proficient team leader with strong business orientation you will have a proven record of developing and implementing new systems. Knowledge of computerised audit techniques is highly desirable and a working knowledge of the SRO's would be an advantage. Personally you must be intelligent, forceful and meticulous over detail.

Prospects for further career development within this diverse group are excellent and will be encouraged.

Résumés, including a daytime telephone number, to Ros Allchin, Ref. 712RA.

Coopers & Lybrand Executive Selection

*Coopers & Lybrand*
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

# Financial Analysis & Planning
## c£40,000 + Car

This is a demanding position as the Head of Group Financial Analysis in one of the UK's largest international consumer product groups.

*The Group* is seeking an individual who will bring drive, initiative and excellent intellectual and analytical abilities to the function whose role is changing to reflect the recent and continuing expansion of the Group. Key responsibilities, all aimed to aid effective management of the Group, are the establishment of financial goals, the evaluation of divisional plans and budgets, the review of divisional performance and the evaluation of major capital expenditure. There is a small team to lead.

Applicants, who should be graduate accountants, ideally with business school training, should have a previous record of achievement. Experience at the centre of a major group or large division is essential and operating company experience advantageous. Very high standards of oral and written communication are required, together with the personal style to match the professionally thorough and internationally orientated management team.

Age guideline—lower to mid 30's. Location West End.

*Please apply in confidence, quoting ref: L 309 to:*

Brian H. Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

**Mason & Nurse**
Selection & Search

ICI

## Young Head of Finance and Administration
# Career Development in High Technology

ICI Diagnostics is a recently formed business operation within the ICI Group and is involved in the development, manufacture, and global marketing of products based upon the most advanced of biotechnological innovations. The second phase of its new headquarters at Northwich, Cheshire, was recently completed and an international impact has already been made with the introduction of unique D.N.A. finger-printing technology.

Operating against a high degree of accountability, the business is anticipated to grow quickly worldwide and may be involved in international acquisitions and joint ventures. Rapid progress has already been achieved so the Senior Executive Team now needs a high potential individual who will provide that financial expertise particularly appropriate to a start-up situation whilst managing the business's administration resources. Board level contribution to operational and business strategy formulation matters is required.

To meet the career development challenge you will possess a good degree and be a qualified accountant (*ACA* or *ACMA*). In your late twenties to early thirties, your previous experience, gained in an intellectually demanding and sophisticated managerial environment, will confirm your ability to match the Company's proposed growth rate.

You have the capacity to operate at an international level and to undertake detailed project appraisals, are familiar with computer modelling techniques, and can conduct strategic and R & D related financial analysis as well as assess the implications of proposed licenses, collaborations, equity stakes etc.

This is a highly visible senior position demanding those personal qualities which will enable you to relate at *different* levels, manage others and be effective in the face of the various challenges inherent in the creation of a major business enterprise.

The financial rewards are excellent and the comprehensive benefits package covers all those items expected for this level of position with a major employer. A flexible attitude to the structure of the employment contract will accommodate the varied aspirations of high calibre candidates.

*Applications should be sent to Tudor Phillips of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone: 01-404 5701.*

**Cripps, Sears**

# Accounting Manager
**London c. £27K + Car**

*Our client – a substantial division of a major British group –* operates very successfully in the burgeoning international communications market, generating revenue from both UK and global networks, using "leading-edge" technology.

In this competitive field, financial skills are at a premium and we have been asked to recruit an Accounting Manager, reporting to the head of the accounting function and able to combine management of a small team – responsible for accounting, reporting and control – with the development and interpretation of accounting policy.

The role will involve considerable contact with senior executives at local and corporate level and candidates must therefore be good communicators. A recognised accountancy qualification is essential, as is sound financial and accounting experience gained in a large organisation.

Applications please, in confidence, quoting Ref: 321/1/FT to S.C. Mackay, Charles Barker MSI, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1143.

**CHARLES BARKER**
SELECTION·SEARCH·ADVERTISING

# FINANCE DIRECTOR
**Derbyshire £25,000+Car+Share Options**

A young, fast growing Public Company is seeking a Finance Director for one of its major subsidiaries.

The Company is based in Derbyshire within easy reach of the very attractive Peak District.

The position will cover responsibility for the whole of the finance function including financial and management accounting, systems and general administration.

Applicants should be qualified accountants (ACA, ACMA or ACCA), preferably in their early to mid-thirties, with a track record of implementing and operating strong integrated financial planning and control systems, particularly with regard to the review and appraisal of major projects. Experience in the construction industry would be an advantage.

The successful candidate will be confident, practical, articulate and will be able to persuade line management to use appropriately tailored financial information as a management tool so as to maximise the profit potential of the Company.

This is a challenging appointment and will not suit those seeking a passive role. However, for the selected applicant this key position offers an opportunity to make an important contribution at an early stage of the group's development. *Career prospects are excellent.*

The attractive remuneration package includes a prestige company car, non-contributory pension scheme, BUPA, Life Cover and Share Options.

Candidates should write in strict confidence, enclosing a full CV and salary details and quoting reference CPS/MSD to Chris Scott.

KPMG Peat Marwick McLintock
Executive Selection
Kingswood House, Pelham Road, Nottingham NG5 1AP.

# *Taxation Manager*
**c£30,000 + car + mortgage benefit** South East

- accountable for achieving the most advantageous tax position permitted by current fiscal legislation
- act as the "centre of excellence" for the provision of strategic tax planning initiatives and general taxation advice
- manage a small professional team in providing a quality service at corporate, subsidiary and fund manager levels

Our client is a highly reputable life assurance company with investment funds in excess of £2 billion and whose products are market leaders in their field. Their expansion over the past five years has been led by success in their pensions and unit linked businesses which has highlighted the importance of assessing investment policies in terms of their tax implications and hence the decision to strengthen the tax function within the business.

This position, reporting to the Company Secretary, reflects recognition of the need for a professional tax specialist to head up a small department and take responsibility for all tax compliance work, negotiations with relevant authorities and the provision of tax planning advice. A major challenge concerns the need to keep abreast of fast changing fiscal policy in the financial services industry in order that group tax liability is minimised.

Candidates should be Chartered or Certified Accountants with a minimum of five years post qualification taxation experience. Knowledge of life assurance or property investment sectors and financial services generally would be preferred. Age guide 28-40.

Write or telephone (24hrs) for more information and a personal history form quoting reference 2235/FT.

***C Kiddy and Partners***
Recruitment and organisation consultants
43 QUEEN SQUARE, BRISTOL BS1 4QR. TEL: (0272) 215275
BRISTOL ✶ LONDON

# Financial Controller
**Kent**
**£20,000 + car + benefits**

A recent re-organisation within this major multi-national high technology company has seen the establishment of a number of divisions as separate operating companies. One of these *subsidiaries, involved in the supply of* computer based office products, is now seeking to recruit an experienced Financial Controller to develop and lead the well established Finance Department.

Reporting directly to the company Managing Director, you will have complete responsibility for the production of financial, management and statutory accounts, cash and budget preparation /control, together with related issues. As the company imports the majority of its products, a large proportion of the Controller's role will involve issues relating to import procedures and the resulting financial implications.

Ideally aged 30-45 years, you should be a qualified accountant and possess a broad financial/accounts management background. In addition, you should have experience of developing management and financial information systems in a computerised environment. Knowledge of customs and excise policies is desirable. As the position is viewed as vital to future growth and expansion the job-holder will be expected to possess a strong sense of business and commercial awareness.

Candidates, male or female, should write enclosing full career and salary details quoting reference MCS/8732 to Gary Birney,
**Executive Selection Division**
**Price Waterhouse**
**Management Consultants**
**Livery House**
**169 Edmund Street**
**Birmingham B3 2JB**

***Price Waterhouse***

*Stockbroking*

# Finance and Operations Director
*Thames Valley* *c. £60,000 + excellent benefits*

Our client is a well established stockbroking group with headquarters in Reading and ten offices in prime locations in England and Wales. Following the recent changes in the Financial Services Sector it is now owned by a highly reputable UK merchant bank. It has experienced rapid expansion of its agency stockbroking business which increases the need for rigorous management control of all activities.

As Finance and Operations *Director* you will be responsible for ensuring that effective financial and operational controls are applied throughout the group. This is a demanding role requiring strong leadership skills and an ability to initiate change.

Aged 35-45 you may have a commercial background with relevant experience in stockbroking or *investment management.* Or you may be an experienced accountant seeking a challenging change of direction in your career. The remuneration package reflects the seniority of this appointment with full scope to amply reward the exceptional candidate.

Please reply to Barry Underwood, in strict confidence, enclosing full personal and career details, quoting reference 5018/FT on both envelope and letter.

**Deloitte Haskins+Sells**
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

# FINANCE DIRECTOR-DESIGNATE

## Thames Valley c.£40,000 plus car

Our client is an international *hi-tech* company with interests in the major markets of the free world. A very profitable and highly professional company, it is an acknowledged market leader in its chosen fields.

Reporting to the Managing Director, the Finance Director-Designate will be responsible for all aspects of accounting and financial reporting, tax and foreign exchange planning, budget monitoring and advising the Board on all strategic planning issues.

Candidates will be qualified accountants with strong technical skills and wide commercial experience, ideally gained in a fast moving hi-tech or research and development environment. The entrepreneurial and high profile nature of the company dictates that the appointed candidate is of strong character, practical, with an air of relaxed authority, and a positive approach and open style that drives projects forward with the minimum of friction. Candidates must also be personable "team players", but with a capacity for independent decision making.

This challenging opportunity will suit only those who justify rapid appointment to the Board.

Please write in confidence, enclosing full career details, quoting reference Q1171, to Anne Routledge.

**KPMG** Peat Marwick McLintock

Executive Selection and Search
*9 Creed Lane, London EC4V 5BR*

# Finance and administration director

## Central London, £30,000 neg+car

C&L

This is an interesting and exciting opportunity for a dynamic, ambitious young accountant to play a key role in the expansion into Europe of a major apparel and fashion accessories corporation which has established a significant presence in the United States. Specialising in the manufacture, marketing and distribution of designer brands, the Group is recognised worldwide as an innovator in its industry. Through its UK subsidiary, the Group has firm plans to commence retailing in London this year, leading to increased retail, distribution and licensing activities throughout Western Europe.

Reporting to the Managing Director – Europe, you will have total responsibility for the finance, administration and secretarial functions and will participate in the financial planning and corporate structure activities of the Group. Initial tasks will be to establish the financial systems, corporate structure and staff to support the substantial growth envisaged over the next three years.

A qualified accountant, probably in your early 30's you will have gained strong financial management, law and taxation experience within an international organisation. You should possess the professionalism, maturity and adaptability to relate to a highly experienced executive team.

Résumés, including a daytime telephone number, to Janice Walden, Ref. JW729.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

# Appointments Advertising

£43 per single column centimetre. Premium positions will be charged £52 per single column centimetre.

*For further information, call:*

**01-248 8000**

**Daniel Berry**
**Ext 3456**

**Tessa Taylor**
**Ext 3351**

ACMA ACA ACCA

# From strategy...

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What's more, for ambitious accountants with post-qualification experience in an operational or consultancy environment, we can match your highest expectations in terms of both rewards and prospects. Starting salaries in a range up to £35,000 with benefits which include a car. And for the brightest individuals, partnership in your thirties.

You know you need a fresh challenge. Act now, by sending full personal and career details (including daytime telephone number) to Geoffrey Thiel, quoting reference 3069/FT on both envelope and letter. Alternatively, for an informal discussion, telephone him on (05827) 64579 between 7pm – 9pm today or between 10am – Midday on Sunday 5th July.

# ...to action

**Deloitte Haskins+Sells**
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

# Senior Accountancy Appointments

## Financial Sector

**To £60,000 + Benefits**

The Executive Division of Michael Page UK is currently handling a number of senior appointments for qualified accountants with financial sector experience. Our extensive client portfolio represents the complete spectrum from international banks through to smaller private institutions.

Should you be contemplating a career move within this dynamic area of the recruitment market, we would be delighted to hear from you.

Interested applicants should write to Jon Anderson ACMA, enclosing a comprehensive curriculum vitae and telephone number, at the **Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH,** quoting **ref: 428.**

MP

Michael Page Partnership
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# GRAND METROPOLITAN

.... adding value

## Financial Accountant Competitive Package

Grand Metropolitan is a world leader in the provision of consumer products and services in the food, drink and hotel sectors. In 1986 the company reported its twelfth consecutive year of profit growth. With turnover in excess of £5 billion and profits of £367 million, the company looks forward to further growth in each of its very competitive international markets.

In line with the company's forward-looking strategy, a senior appointment has arisen within the Corporate Head Office. As part of a small and close-knit team the successful candidate will be involved in a broad range of activities including the review of group financial information, the development and application of accounting policies and the preparation of public circulars. The position will have a high profile and it is envisaged that it will lead to rapid advancement within the Group.

Applications are invited from ACA's with approximately three years post qualification experience, possibly making their first move from the profession. Both salary and benefits will be highly competitive and commensurate with such a senior appointment in a large and progressive multinational. You should be educated to degree standard and possess the ambition, flexibility and technical knowledge to succeed in this challenging environment.

Interested applicants should telephone David Northmore on 01-831 2000 or write to him at **39-41 Parker Street, London WC2B 5LH** quoting **Ref 2089.**

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

# Head of Finance

## ...With the Emphasis on Change and Development

**c£25k+car Thames Valley**

Our client is a well-established, medium-sized and profitable manufacturer of specialised products for the food industry, highly regarded for the quality of its products and service.

The organisation is undergoing a significant period of change and this new appointment has been created to strengthen the senior executive team.

Reporting to the newly-appointed MD you will have total responsibility for the finance function including developing, managing and controlling information, reporting and control systems. There is considerable scope to develop all aspects of the function with a priority being computerisation.

Probably a qualified accountant, you should have a broad range of commercial experience including development and implementation of computer systems.

Please write to Phillip Bainbridge quoting ref. B.35056, or telephone him on (0753) 842044.

**MSL International (UK) Ltd, Pilgrim House, 2/6 William Street, Windsor, Berks SL4 0BA.**

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# *Hoggett Bowers*

***Executive Search and Selection Consultants***

*BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR*

## *Chief Accountant/ Company Secretary*

***East Midlands, c£20,000, Car, Benefits***

Continued expansion and the future development plans of this established and progressive £4m turnover operation, part of a Major International Group, have created this important new appointment. Our client supplies a quality range of precision engineering components to a wide range of industrial outlets. Reporting to the Managing Director, responsibility will be for the integrity of the accounting system, statutory and internal company reporting requirements, company secretarial duties and the performance of a small team. Candidates, aged 28–40, qualified ACA/ACMA, must demonstrate a successful track record within a manufacturing or engineering environment. Ideal experience includes the establishment of reporting procedures, formulating budgets and the application of computer systems. Good communication skills and a hands-on management style are necessary personal qualities. Excellent career prospects. Relocation as required.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *J.H. Wright,* **Hoggett Bowers plc,** *13 Frederick Road, Edgbaston,* **BIRMINGHAM,** *B15 1JD,* **021-455 7575.** *Quoting Ref: B13022/FT*

Close Brothers Limited

# ACCOUNTANT

We are seeking an additional accountant to assist the financial controller in the production of management and statutory accounts and implementation of new accounting systems.

Applicants (ideally aged 25-30 years) should be qualified accountants with banking experience.

An attractive remuneration package will be offered to the right candidate.

Please write in confidence, with full career details, to:—

**Terence Cansick**
**Director**
**Close Brothers Limited**
**36 Great St Helen's**
**London EC3A 6AP**

# EXECUTIVE JOBS

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In the accountancy or financial field our team of consultants, all of whom have had managing director level experience, can help you.

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*For further information, call:*

01-248 8000

Daniel Berry
Ext. 3456

Tessa Taylor
Ext 3351

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# Creative Sales & Credit Manager

## c£22,000 + Car

*This appointment is being made to provide a leader for a new and more* creative approach to credit management which will integrate the function more closely within the mainstream business objectives of this large fast moving consumer product group. By using the opportunities inherent in closer and more positive customer relationships the credit management team will be a key element in a programme of improved customer service designed to increase market penetration, quality of earnings and profitability.

Credit management is already a wide ranging and well organised activity which is responsible for new account review, control of sales ledgers and final collection procedures; establishing credit objectives for management; and credit performance reporting. The customer base is very wide and the product portfolio contains a high proportion of brand leaders.

Applicants should be sales and credit management professionals with sound experience of managing the activity in a consumer product company. A business degree or an accounting qualification would be an advantage.

*Age guideline 30-40. Location West London.*

*Please reply in confidence, quoting ref: L312 to:*

Brian H. Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

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SAINSBURY'S HOMEBASE

# Management Accountant

*Nr. Croydon* — *to £24,000 + excellent benefits*

Sainsbury's Homebase has quickly established a leading edge in the DIY and garden centre markets. Commitment to further expansion centres on high quality, value for money products and customer service. With 34 stores around the country, growth is planned at a further 10 stores each year.

Reporting to and deputising for the Chief Accountant, you will be a key member of the financial management team. Leading 16 staff, there will be responsibility for the production and interpretation of Management Accounts, Company Budgets and Profit Forecasts, and for the Payroll Department.

A qualified Accountant is required, probably a graduate, with at least 5 years' post-qualification experience in the retail or service sector. In your late twenties/early thirties you will be self-motivated, energetic and flexible, with good communication skills.

Excellent benefits include J. Sainsbury Group profit sharing after a qualifying period and executive share options. Relocation assistance is also available. Joining a young motivated team will give you excellent career prospects.

Please apply in confidence to Alison Hawley quoting reference 5013/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

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# FINANCE DIRECTOR

LEEDS AREA — c.£30,000+Car etc. Equity participation

Our client, a £25 million turnover, privately owned company, involved in travel and transportation, is entering a period of rapid growth. This will be achieved through a combination of organic growth and related acquisitions. The company is in a strong financial position and its prospects for the future are exciting.

An experienced, qualified accountant with a strongly commercial orientation is required to fill the position of finance director. He or she will also be responsible for computing and information systems.

Candidates should be very much all rounders but particular strength is required in business planning, management information and treasury management.

The successful candidate will have a strong, well developed personality, and a down to earth approach to problem solving and the management of change. He or she will have good communication skills and will create a finance culture which is both strongly supportive of other business functions and plays a leading role in business development.

Please write in confidence, enclosing a full c.v. to Timothy Elster, Executive Selection Division, quoting reference no. L/728.

KPMG Peat Marwick McLintock
Executive Selection and Search
City Square House, 7 Wellington Street, Leeds. LS1 4DW.

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CENTREWAY DEVELOPMENT CAPITAL LIMITED

# Financial Executive with Management Experience

**Circa....£25,000 + CAR** — **MIDLANDS**

At Centreway Development Capital Limited we have established and maintained our position amongst the top Business Expansion Scheme Funds Managers. We are the Venture Capital subsidiary of a quoted public company, Centreway Trust Plc and we are successfully expanding our activities in this market place. In 1986/87 alone we raised and invested over £4 million in a wide variety of target companies. We place great emphasis on post-investment review and monitoring of the companies in which we invest funds. This activity now accounts for the largest part of our man-power resources. Each member of the department is a professionally qualified executive, having had financial and general management experience. These executives work with the investee company managements to achieve their business plans and to represent the shareholders interests throughout the years to flotation.

We now need a further executive to join the Review Team. He or she will have both financial and general management experience and hold a recognised qualification, either A.C.A., A.C.M.A., A.C.C.A. or have a business degree with substantial financial content. The position will be most suitable for someone living in the Midlands area. He or she will be in the age group 35 to 40.

The remuneration package will be based around £25,000 per annum, plus car and in addition our executives participate in a profit related bonus scheme.

*Write in confidence enclosing your C.V. to:*
Mr John Naylor, Investment Review Director
Centreway Development Capital Limited
1 Waterloo Street
Birmingham
B2 5PG
021-643 3941

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# FINANCE DIRECTOR

**North West** — **c£22,000 + Car + Bonus**

Our client is an autonomous subsidiary of a major plc involved in the manufacture of specialised textiles. Working at the fore-front of current technology, it is a successful company with a turnover of £13m and a workforce of over 200.

They currently seek a Finance Director to work closely with the Managing Director and to make an important contribution to corporate planning and strategy.

The role will have a strong commercial orientation and in addition to the control of the finance function, the F.D. will have responsibility for the D.P. department. A total of 8 staff report to the position.

Candidates aged 28-40, will be qualified Accountants (ACA, ACMA, ACCA) with a proven track record in manufacturing industry combined with the personal skills necessary to perform in a high visibility role.

The remuneration package will comprise a basic salary of c£22,000 plus fully expensed car, contributory pension and participation in the management bonus scheme. Full relocation expenses will be available where appropriate.

Please apply directly to Angela Wright at Robert Half, Peter House, Oxford Street, Manchester M15AW. Telephone 061-236 0101, evenings 061-434 8429.

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FINANCIAL RECRUITMENT SPECIALISTS
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# Young Finance Managers

## M4-M25 corridors

## Currently earning £20–40,000+

Take advantage of the new Michael Page Partnership office structure – spanning both ends of the M4 corridor (Bristol and Windsor); together with the Northern and Southern extremities of the M25 (St Albans and Leatherhead).

Whilst located to service the North and South Home Counties, Thames Valley and the South West; the offices are actively recruiting for senior roles in some the UK's top companies in exciting provincial centres such as Milton Keynes, Reading, Swindon, Gloucester, Oxford, Southampton, Medway, Bedford and Cardiff.

If you are looking for an FC/FDship, a Treasury/Company Secretarial role or a Senior Head Office/MCS position; Michael Page Partnership's Executive Division can offer you a local service from each of our offices.

Our Executive Division is staffed by qualified Finance Executives with proven recruitment experience who can proffer impartial career advice, give access to exciting new opportunities and provide sector/location insight.

For further information please write to Wayne Thomas enclosing a comprehensive cv at

Michael Page Partnership, Executive Division, 29 St Augustine's Parade, Bristol BS1 4UL.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

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# Financial Analyst

N.W. London — c.£18,000+car

Our client is a highly successful U.K. chemical company and is part of a major international group with worldwide diversified interests.

An attractive opportunity has arisen due to internal promotion for a recently qualified graduate Accountant, or MBA for the position of Financial Analyst. The position involves exposure to the diverse U.K. business and will include detailed investigation and preparation of capital expenditure proposals together with business planning.

Personal qualities are most important — good written and verbal communication skills, together with self motivation are all essential ingredients. Extensive use is made of Information Systems, both main frame and personal computers.

Together with a progressive salary and company car, good prospects exist for an effective contributor.

Please write with full c.v. to The Confidential Reply Supervisor, Austin Knight Advertising, 17 St. Helen's Place, London EC3A 6AS. Quoting reference 9643.

Applications are forwarded to the client concerned therefore companies in which you are not interested should be listed in a covering letter.

Austin Knight Advertising

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INTERNATIONAL HOSPITALS GROUP

We are the leading British Healthcare Management Company, providing a wide and expanding range of services to overseas and UK clients. To meet our developing business requirements we need to expand our existing team of professional staff in our UK Head Office and in our major overseas base, in Saudi Arabia.

## Project Finance Director

Based in Jeddah

c. £35,000 tax free + Car + extensive benefits package

Reporting to the Programme Director and functionally to the Finance Director UK you will be responsible for the overall financial and commercial control of our Saudi Arabian contract and maintaining liaison with our client on financial and contractual matters.

This position would ideally suit a Chartered Accountant with twelve years post qualification experience including five years working in an equivalent position.

## Financial Controller

UK Head Office — c. £25,000 + Car

Reporting to the Finance Director you will be responsible for financial and management accounting, systems development and treasury duties. You will also provide top level reviews of project costings and the preparation and implementation of tax plans for IHG and its associated companies.

This position would ideally suit a dynamic Chartered Accountant with at least 5 years post-qualification experience preferably gained in a 'big eight' accountancy practice and in commerce.

In addition to the excellent salary and benefits package offered, the positions offer scope for enhancing your existing skills and developing your career in a successful international company. Please write with a detailed c.v. to R P Burnett FCA, Finance Director, International Hospitals Group, Stoke Park, Stoke Poges, Berks SL2 4NS.

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**ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY**

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# Management Accountant

*Manufacturing Environment*
*Berkshire* — *Up to £25k*

Dynamic, expanding, young, are but a few adjectives describing Mars Electronics. A sophisticated, hi-tech company based in Berkshire.

We require a talented UK Manufacturing Accountant to join our top calibre team, who will manage a team of six and be responsible for all aspects of financial performance reporting for the manufacturing activities of the Company.

As a key member of the Finance Team, you will be expected to develop and implement sound accounting practices in support of a manufacturing strategy designed to take the Company into the 1990's and beyond.

A young, ambitious, qualified accountant (CA/CIMA/ACCA), you will ideally have experience of hi-tech, blue chip companies. However, and more importantly, you will have drive and energy coupled with well developed communication skills.

We offer an attractive salary and benefits package and career opportunities within the Mars Corporation are outstanding.

Phone Linda Dawson now to find out more on 0734 697700. Alternatively, send full career details to: Personnel Department, Mars Electronics, Eskdale Road, Winnersh Triangle, Wokingham, Berkshire. RG11 5AQ.

MARS ELECTRONICS

هكذا من الأصل



## FINANCIAL CONTROLLER

**£30,000**

**+Bank Benefits**

This major European Bank is looking for a senior financial officer to assume responsibility for the Accounting, Operations, Systems and Support Services. The requirement is for an ACA/FCA with banking experience, probably aged between 35-45 with exposure to both systems development and regulatory reporting.

Proven ability to manage staff through line management is essential.

Interested candidates with appropriate experience should send their curriculum vitae in complete confidence to:

**Tom Kerrigan Associates Limited**
**20 Wormwood Street**
**Bishopsgate**
**London EC2M 1RQ**

Should you wish to discuss the position prior to submitting your curriculum vitae call Tom Kerrigan on 01-588 4303.

## Chief financial officer

**City to £40,000+car+banking benefits**

C&L

Our client is an autonomous, dynamic, global investment management firm backed by one of the world's most prestigious international financial institutions.

Reporting to the President, the Chief Financial Officer will play an important role in the Company's development, handling not only the overall financial and management accounting but also leading on corporate financial planning and budgeting, taxation and negotiations with fiscal and regulatory authorities and external advisers.

Aged around 30 and a qualified accountant, you must have substantial experience of the financial services sector gained either with a major firm of accountants or an international financial institution and been exposed to multi-currency operations. With a strong commercial leaning, you should be both innovative and versatile in approach, have an enquiring intellect, strong communication skills and a mature and independent personality.

Future prospects for the candidate who contributes successfully to the group's development are excellent and will not necessarily lie only in the financial sphere.

Résumés, including a daytime telephone number, to Daphne Silvester, Ref. 732DS.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

## HEAD OF FINANCE

**N. London To £30.000pa + Outstanding Benefits**

One of Britain's most prestigious service organisations is revitalising and expanding its retail insurance broking division which currently generates gross annual premiums approaching £50M. They now require a Divisional Finance Manager to perform a vital role in the enlarged operation, reporting to the Divisional Director and responsible for all aspects of organisation, financial, and management accounting.

You should have hands-on experience of managing an integrated finance department, possibly in the financial services sector. Additionally you should have a relevant professional qualification and be less than 45 years of age.

A competitive salary will be offered to the successful candidate together with a high quality car, non-contributory pension, PHI, private medical insurance and other benefits.

mh

Please reply in the first instance to Ian R Hetherington, enclosing a full CV and quoting Ref: A050 at Mervyn Hughes International Ltd, 63 Mansell Street, London E1 8AN

M E R V Y N H U G H E S

## R H Associates

A Division of Recruitment Holdings Ltd

*Accountancy Recruitment Consultants*

### *ARE YOU A HIGH FLYING ACCOUNTANT WITH YOUR FEET ON THE GROUND?*

***Business Analyst***

***Central London***

***c£20,000 + Benefits***

A market leader in their sector and respected worldwide, our client has the reputation as one of the most successful and influential companies involved in innovation and technology. With a turnover exceeding £3bn the company continues to expand both organically and through acquisition.

As a result of promotion, an opportunity now exists for an exceptional newly qualified accountant within the Corporate Headquarters.

Your key responsibilities will focus upon the critical review and evaluation of substantial investment proposals and existing projects. As a result of preparing and presenting your recommendations, you will liaise directly with the Board and senior managers both at corporate and operating subsidiary level.

This being a high profile position, where initiative, ambition and commercial flair will not go unnoticed, your career path is mapped out to take you eventually into a senior line management role.

You are likely to have experience of a large company environment, be qualified and aged under 30. Your communication skills will be excellent, but most important you will be ambitious for success and committed to a challenge.

**Interested? Ring Kiran Cartner on 01-379 6668 (out of hours on 01-530 2878) or send your CV.**

18 Exeter Street, London WC2E 7DU
Telephone 01-379 6668 Telex 965423

## Chartered Accountants for BP's Corporate Headquarters

BP is looking for several high quality graduate chartered accountants who have the potential to achieve management levels in one of BP's businesses or in one of its corporate head office departments.

Based initially in the Group's corporate headquarters, you will have an assignment in one of the Group's financial or internal control functions. Then, having enhanced your skills and gained a working knowledge of how a major multinational is managed, there will be opportunities for you to progress a financial or commercial career in one of the Group's many operations in London, elsewhere in the UK, or overseas.

You must be a qualified chartered accountant, aged 24 to 28, with an impressive track record to date, including a good university education. In addition, you must be a 'self-starter', personable, enjoy responsibility and show leadership qualities. Fluency in a major European language will be a decided advantage for some of the opportunities envisaged.

The remuneration package and conditions are excellent, commensurate with BP's position as Britain's premier company.

Please telephone for an application form (01-920 8218), or write enclosing a c.v. to Mrs J. L. Parker, Group Head Office Personnel, The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BU.

*BP is an equal opportunity employer.*

BP

**The British Petroleum Company p.l.c.**

## LINCOLNSHIRE POLICE

### FORCE ACCOUNTANT

**Grade POD — Salary £12,894 to £14,100 per annum (Local Authority Conditions of Service).**

Lincolnshire Police is one of the Forces leading the process of devolving budget responsibility to operational managers, and the Force is now seeking a Force Accountant following the retirement of the present postholder.

The person appointed will be expected to contribute significantly to the expertise in Financial Management within the Force, and to develop costing systems and the financial aspects of a management information system.

Duties will include assisting with the total financial strategy of the Force, interpretation of policy and the co-ordination of all financial matters in the Force. The postholder will report to the Force Administrative Officer and will assist in the management of the Pay and Finance Sections.

The post is situated at Force Headquarters, Nettleham, Lincoln, in a part of the country which has low housing costs and a high quality of life.

Applicants should be qualified accountants — not necessarily in the public sector — with 5 years relevant experience.

Relocation expenses are payable in certain cases.

**A job description is available from: The Personnel Officer, Lincolnshire Police Headquarters, P.O. Box 999, Lincoln LN5 7PH. Closing date for applications: 17th July 1987.**

***Interviews are expected to be held during the week commencing 27th July 1987.***

## BERMUDA, LAND OF Banking OPPORTUNITIES

### TRUST ADMINISTRATORS/ OFFICERS

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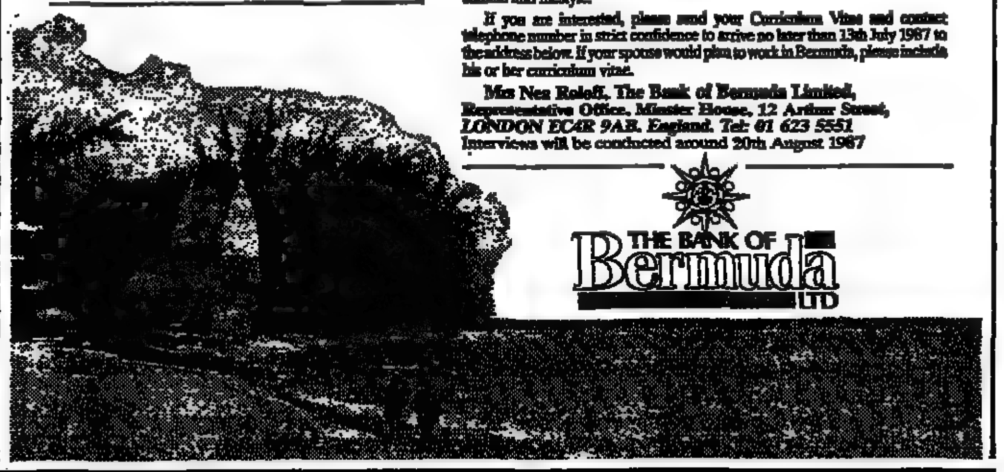

We are a diversified Bank Trust and Investment Management Company with assets exceeding USD 3.2 billion and 1300 staff in 5 worldwide locations. Our personal approach to business development has continued to attract a rapidly growing volume of international trust business from a sophisticated and high quality clientele. Capable and experienced Trust Administrators and Officers are required by our Personal Trust Department to manage this growing business.

As a Trust Officer or Administrator you have obtained or are working towards your AIB Trustee Diploma or equivalent and have had considerable trust experience, much of it in an offshore location. You are looking for a more challenging position which will allow you to further develop your potential as a specialist in offshore trusts.

If this describes you, why not consider applying for these interesting opportunities at the Bank of Bermuda. We offer an attractive tax free salary and benefit package as well as the opportunity to enjoy Bermuda's comfortable climate and lifestyle.

If you are interested, please send your Curriculum Vitae and contact telephone number in strict confidence to arrive no later than 13th July 1987 to the address below. If your spouse would plan to work in Bermuda, please include his or her curriculum vitae.

**Mrs Nea Roloff, The Bank of Bermuda Limited, Representative Office, Minster House, 12 Arthur Street, *LONDON EC4R 9AB. England. Tel: 01 623 5551***

Interviews will be conducted around 20th August 1987

THE BANK OF Bermuda LTD

## British Caledonian Airways

### YOUNG ACCOUNTANTS

***Your skills, Our future, Together We're Flying High***

*You will hardly need to be told that* effective financial controls are an essential element in any successful business.

Our international structure and wide range of activities means that ensuring the necessary controls work is a job for specialists with considerable and far-reaching talents.

At British Caledonian we're leading the way as we always have; with new aircraft on order such as the technologically advanced A320 Airbus and with many new routes worldwide. All these investments for our future necessitate investing in the appointment of 3 young qualified Accountants, with 2/3 years post qualification experience, who will work out of our new offices situated close to Gatwick Airport.

Two will act as internal advisors and financial liaison managers able to interface across all sections of the organisation drawing together and developing all internal *accounting policies and procedures.* The other will manage financial controls for all our 40 overseas offices enabling them to operate effectively within the global framework of the organisation.

These key appointments call for an authoritative yet vigorous approach: people who won't be content with the role of financial expert, but want to get actively involved in management in its widest sense.

Young and ambitious you can look forward to an excellent salary and a competitive benefits package including BUPA, relocation where appropriate and benefits associated with a major international airline.

Interested applicants should send their cv to Paul Ballard or Brigitte Regan-Simpkin at Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS. Or telephone them on 01-628 5021 (01-256 6925 evenings/weekends) for an application form. Quote ref 746/PB/27.

## FINANCIAL CONTROLLER

**£25,000 plus Benefits plus Share of the Action**

Based in the West End of London the group is a rapidly growing firm of brokers with a reputation for innovation and marketing excellence.

Recent expansion and the need to face the existing new environment after the Financial Services Act has created a position which will be a key member of the management team with an active role in decision making. You will work alongside the directors in developing effective planning and budgeting backed by accurate management information and financial systems. Tight cash control and a continuous review of operational costs are ongoing requirements.

The ideal applicant will be
Qualified with 3 to 5 years commercial experience
Imaginative and able to communicate well
Ambitious yet dedicated to producing the goods.

The group offers an excellent salary package with the definite opportunity for the successful candidate to participate within an equity incentive and to become Financial Director. Interested applicants should reply in confidence by forwarding full career details to:—

P. Ashley
Kabel Halsey Group
38 Soho Square
London W1V 5DF

## Group Accountant

**Mitcham Based £Neg + Car + Profit Bonus**

Our client, a subsidiary of a major international plc, operates a group of companies providing a range of high quality products and services for hire to the construction, building, catering and exhibition industries. Currently producing a turnover approaching £30 million p.a. and achieving excellent profits, this national market leader has exciting plans for continuing growth in the UK and Europe.

Reporting to the Group Financial Director, this appointment covers all the usual financial duties and in addition has responsibility for financial computing matters and selected administrative duties. There are real opportunities for direct commercial involvement in this rapidly expanding group and for career progression.

Applicants, preferably graduates aged 25-35, should be qualified accountants, able to offer at least one years management experience, gained ideally in a service industry. Working French would be an asset.

Applicants should write, in complete confidence, enclosing a current curriculum vitae with salary details, quoting reference 17499 to:

**Peter Childs**
**Pannell Kerr Forster Associates**
**New Garden House**
**78 Hatton Garden**
**London EC1N 8JA**

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

## Group Financial Controller

**Nottingham c.£25K-£30K + car**

Sandicliffe Motor Group is a family owned business whose success and growth over recent years has established it as one of the leading Ford main dealers in the Midlands. The Group now looks forward to an exciting phase during which it seeks further expansion and possible diversification into new spheres of operation.

The Group Financial Controller will be a key member of the senior management team during this period. Directly responsible to the Board, the main duties will be:

— To develop and maintain financial controls which ensure the Group's continued profitability.
— To investigate and advise on potential acquisitions and expansion projects.
— To provide financial expertise and assurance when dealing with other business associates.

Candidates will preferably be Chartered Accountants, aged 35-45 and should be able to demonstrate previous achievement in an industrial or commercial organisation. Commitment and the ability to motivate are essential, together with the personality to match the entrepreneurial skills of the owners.

Assistance with relocation expenses will be provided where appropriate.

Applicants should write, in confidence, with full personal and career details to Paul Clixby, Spicer and Pegler, Clumber Avenue, Sherwood Rise, Nottingham NG5 1AH.

Spicer and Pegler
Chartered Accountants

| OPERATIONAL REVIEW c £23,000 + car | RECENTLY QUALIFIED c £25,000 |
|---|---|
| Our client, a major banking and financial services group located in the city, seeks to engage a young graduate accountant. The successful candidate will form an integral part of a highly regarded team of financial specialists, handling a wide range of complex and interesting work in London and all major financial cities. *The attractive remuneration package* includes a Company Car and a range of other benefits. Ref: AT/244 | Ideal opportunity for a young graduate accountant with a good academic background to join a financial investment company located in Central London. Key responsibilities will include:- management reporting • investment appraisal • improving existing systems • security and financial matters. Excellent remuneration and career-structured benefit package. Ref: CK/522 |

For further details phone or write quoting reference to:

**ACCOUNTANCY ASSOCIATES LIMITED**
*temp./perm. recruitment consultants*
**5 VIGO STREET LONDON W1X 1AH TEL: 01-439 3387/8/9**

Management & Personnel Services

## FINANCE DIRECTOR

*Newport Pagnell* | *c £23,000 + Car etc.*

*Our client, Beclawat plc, specialises in the design and manufacture of components and finished products, mainly for the transport and automotive industries. It also has a subsidiary company which is a leading manufacturer of constant force and torque springs. The company's strengths are in design, research and development, up to date technology and quality control.*

*The company was recently taken over by C H Industrials plc, which is a fast growing, broadly based industrial group. The group is committed to organic growth, within its identified market sectors.*

*As part of its new management team, Beclawat plc now wishes to appoint a Finance Director. The job holder will work closely alongside the Managing Director, and be directly involved in the company's future development. Prime responsibility will be for the finance function, plus company administration, including purchasing and data processing.*

*A qualified accountant is required who can demonstrate senior level experience in the engineering industry, preferably in the automotive/transport sector. A commercial attitude to business management is essential, as is the ability to adopt a 'hands-on' approach where necessary. Knowledge of computerised systems is a pre-requisite.*

*This is a first class opportunity to get in on the ground floor of this company's positive development plans.*

*Please write in confidence with full career details, including salary, to J B Slade quoting Reference No. JBS/2359:-*

*Management & Personnel Services, St. James's House, Frederick Road, Edgbaston, Birmingham, B15 1JJ* *Tel: 021-456 2211*

## Finance Director c.£50,000
# A Positive Future In Oil Exploration

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday July 2 1987



PRESSURE ON CAR GROUP TO TAKE AEROSPACE STAKE

# Daimler silent on MBB link

BY HAIG SIMONIAN IN FRANKFURT

THE WEST GERMAN Government is trying hard to persuade Daimler-Benz, the vehicles group which has diversified into aerospace and electronics, to take a stake in Messerschmitt-Boelkow-Blohm (MBB), Germany's partner in the European Airbus consortium.

A possible Daimler shareholding has been widely mentioned in the past, although the company has not shown any enthusiasm. The federal government is now attempting to persuade Daimler to take a little under 30 per cent of MBB by buying part of the shares held at present by the states of Hamburg, Bremen and Bavaria.

Mr Werner Breitschwerdt, Daimler's chief executive, would not confirm suggestions that it was now more prepared to take a stake.

Instead, Daimler has being diversifying elsewhere. In recent years it has taken over AEG, the electronics group, Motoren und Turbinen Union (MTU), an aero-engine manufacturer, and Dornier, West Germany's second biggest aircraft maker.

However, while he admitted that closer co-operation would be necessary in the aerospace industry in future, he made clear this did not necessarily require Daimler to buy into MBB.

Nevertheless, the idea may have become more palatable following the Government's decision to grant Deutsche Airbus, which is 100 per cent owned by MBB, DM 5bn ($2.7bn) in public funding for its share in developing in the planned Airbus A330 and A340 projects.

Deutsche Airbus had originally asked for DM 7bn, and further public money could become available in future years.

Dornier may also be interested in *closer co-operation with MBB over* its planned new commuter aircraft.

Mr Breitschwerdt said Daimler's group turnover for the first half of 1987 had risen by 1 per cent to DM 31.5bn from DM 31.3bn for the equivalent period in 1986.

Passenger car turnover increased slightly to DM 15.3bn against DM 15.2bn for the first half of 1986,

Werner Breitschwerdt, Daimler chief executive

while commercial vehicles went up by 5 per cent to DM 9bn against DM 8.6bn.

Turnover also rose at AEG by 5 per cent for the first six months of 1987 to DM 5.2bn, compared with DM 5bn for the first half of 1986.

However, MTU's first half turnover decreased by 3 per cent to DM 1.2bn against DM 1.24bn in 1986 on account of the weakness of the dollar, which was also responsible for *a 13 per cent fall* in Dornier's sales to DM 810m against DM 930m in the first half of 1986.

Mr Breitschwerdt said exclusivity, top technology and high quality, the corner stones of Daimler's passenger car philosophy, were the only way to beat off the Far Eastern competitors which were trying to break into the luxury car market.

*However*, he remained confident about the prospects for Daimler's luxury cars in 1987. Exports, in particular, would rise, in contrast to the trend elsewhere in the German car industry, with Daimler's US sales likely to exceed last year's level of 104,670 cars.

Daimler Benz itself would be investing over DM 16bn in the next five years, 60 per cent of which would be spent on car production.

# Siemens confirms KWU reshaping

By David Marsh in Bonn

KRAFTWERK UNION (KWU), the West German power reactor company, is to become an operating division of Siemens within a restructuring of the electrical giant's energy activities.

The reorganisation, first announced at the beginning of the year, was confirmed at a supervisory board meeting of Siemens on Tuesday. Taking effect in October, it will bring a series of new energy activities under the KWU wing to strengthen its overall business which has been badly hit in recent years by weaker nuclear orders.

KWU, which in the last business year ended September 30, turned over an unusually low DM 2.7bn, ($1.47bn) was already a 100 per cent subsidiary of Siemens, but is now being brought substantially closer to the parent company. It should have annual sales of around DM 7bn in the current year, employing 25,000 people, Siemens said.

Activities to be transferred from other parts of Siemens operations include production of regenerative energy, such as through solar systems.

## Godfrey agrees to *Fleming offer*

GODFREY, a Wisconsin food distribution group, has agreed in principle to be acquired by Fleming Cos, another US food distributor, in a stock transaction worth around $170m, our Financial Staff writes.

Godfrey distributes food through 80 owned and affiliated retail supermarkets in southern and eastern Wisconsin.

# Lazard unit builds up 5% holding in CCF

BY GEORGE GRAHAM IN PARIS

LA FRANCE, the insurance subsidiary of the Lazards investment banking group, has built up a stake of nearly 5 per cent in the newly privatised Credit Commercial de France (CCF).

*The acquisition of the stake is* thought to partly provide an explanation for the recent steady rise in the price of CCF's shares against the background of a generally falling Paris stock market. They are now trading at FFr 133 ($21) after being floated at FFr 107 in May.

Dealers said a single Paris stockbroker had been responsible for most of the buying orders over the last few weeks, although other investors had also shown interest in CCF, France's tenth largest bank.

The Lazards offshoot said it had been a candidate for the "hard core" investors, who are allowed to buy significant stakes in privatised companies ahead of their public flotation but who must commit them*selves to holding on to their shares* for at least two years.

The enormous demand from French private investors for privatisation shares has meant that the hard core procedures have been virtually the only way for institutions to acquire shares.

La France said its application for the CCF hard core had not been accepted, so it had bought up shares in the market after the bank's flotation. It does not intend to increase the stake further.

The insurance company notified CCF of its holding before it reached the 5 per cent limit, at which it is legally obliged to inform the stock exchange authorities.

CCF has its own rule requiring *holders of more than 0.5 per cent of* its capital to inform the company, at the risk of losing voting rights. Now that the company has been notified, however, the voting rights are expected to be restored.

Paris brokers say that even without La France's buying, investors have been interested in CCF, seeing it as ridiculous that the bank should only be valued at the same stock market capitalisation as the far smaller but very highly rated financial group Dumenil Leble.

# Akzo buys chemical rubber group Vulnax

BY LAURA RAUN IN AMSTERDAM

AKZO of the Netherlands, the chemicals and fibres group, has acquired a rubber chemicals company called Vulnax International, a joint venture of Imperial Chemical Industries and Rhone-Poulenc, in another move to bolster speciality chemicals.

This will double Akzo's rubber chemicals turnover to around Fl 300m ($150m), adding three production plants in Elbeuf, France, and Hillhouse and Grangemouth in the UK.

Based in Saint-Cloud, France, Vulnax makers rubber manufacturing chemicals such as antioxidants, antiozonants, accelerators and vulcanisation agents.

Akzo's existing speciality chemicals include accelerators, cross-linking agents, white fillers and electroconductive carbon blacks for the rubber industry.

With the acquisition of Vulnax, Akzo's speciality chemicals will comprise 11 production plants and 15 sales offices in western and eastern Europe, North and South America, Japan and South-East Asia.

Akzo's corporate strategy in recent years has been aimed at shifting its product mix toward speciality chemicals, coatings, pharmaceuticals and advanced fibres and away from bulk chemicals and fibres.

These higher value-added products are viewed as more lucrative and less cyclical than bulk ones.

The Stauffer acquisition also significantly enlarged Akzo's US operations.

# Dome seeks extension to financing plan

By Our Montreal Correspondent

DOME PETROLEUM, the debt-laden Canadian energy group, believes it can persuade its major lenders to agee to further negotiations on the C$5.2bn (US$3.8bn) bid from Amoco Canada.

Despite open opposition from two Canadian banks, Dome hopes to get the secured lenders to agree to an extension of the key 1986 interim financing plan to August 31 from the original expiry date on Tuesday.

Under this plan, the banks are paid according to the cash flow from the assets securing their loans to the company. With the two month extension the payments would continue. Dome has around C$6bn of outstanding debt.

Dome said it hopes to reach agreement on the extension by July 9.

# Campeau aims for European joint ventures

By Robert Gibbens in Montreal

MR ROBERT CAMPEAU, the Canadian property entrepreneur, says his company is digesting the C$3.4bn (US$2.5bn) acquisition of Allied Stores of the US and he plans to push his merchandising arm into Europe.

Allied's Brooks Brothers and Ann Taylor divisions would be extended into Europe in co-operation with local interests, he said after the Campeau annual meeting in Toronto. He plans negotiations with the Fiat Group and Benetton in Italy for a possible joint venture.

He envisages around 100 Ann Taylor and Brooks stores in Europe within a few years, and both chains may be expanded into Canada. The divisions are the most profitable parts of Allied's merchandising business.

Mr Campeau said the programme to sell off 16 Allied divisions would generate more than the earlier estimates of US$1.1bn. So far, 11 divisions have been sold or are near the sale point for a total US$900m, and Allied is negotiating to dispose of the other five.

Rationalisation and restructuring at Allied's remaining operations, including real estate, will bring savings of tens of millions of dollars, with the results showing in 1988 *profits. All six Allied divisions re*tained were highly profitable, he said, and Allied's operating profit margin would rise to 12.5 per cent from 8 per cent.

# Deminex suffers group net loss of DM 134.7m

BY OUR BONN CORRESPONDENT

DEMINEX, the West German oil *exploration and production company* mainly owned by the Veba energy conglomerate, suffered a group net loss of DM 134.7m ($73.6m) last year after a DM 64.4m loss in 1985.

Mr Ernst Hotz, the chairman, blamed the deterioration on a combination of sliding crude oil prices and the strong D-Mark, but said the company's build-up of oil reserves placed it in an improved position to reach financial independence by the end of the decade.

The recovery in the international oil price to around $18 per barrel had brought a "ray of light," but the company was also likely to make a loss in 1987 before returning to the black in 1988, Mr Hotz said.

"The company, set up in 1969 in a government-inspired attempt to carve out an independent West German place on the world oil market, is 54 per cent owned, by Veba. The *remainder is held by three other oil* groups – Wintershall, owned by BASF, Union Rheinische Braunkohlen Kraftstoff, Saarberg Oel und Handel. The Government has pledged to put up a substantial share of the company's exploration spending up until 1989.

The Deminex parent company made a loss of DM 119.9m last year after a profit of DM 67.4m in 1985. This did not include losses of some subsidiaries, including two in Britain and one in the US, which do not have an agreement to transfer profits or losses to the parent company.

Mr Gunther Vowinckel, board member responsible for finance, said two British subsidiaries made losses of £31m, including start-up costs incurred with development of the Balmoral North Sea oil field, with its US subsidiary losing $6.7m.

These losses were covered by *loans from the parent company.*

Deminex parent company turnover slumped to DM 785m from DM 1.65bn, with group turnover down to DM 800m from DM 1.67bn.

Shareholders boosted nominal capital from DM 240m to DM 300m through a cash injection in February. Mr Vowinckel said further efforts to strengthen the company's financial resources would be necessary in coming years.

The Bonn government has to date injected DM 2.1bn in Deminex through loans and grants, with shareholders putting in DM 1.1bn.

Mr Hotz said, assuming a moderate rise of between $2 and $4 per barrel of oil by the end of the decade, and a dollar D-Mark rate steady around 1.80 to 1.90, the company would reach its goal of financial independence by 1989-90.

# Orkla Borregard advances 10%

BY KAREN FOSSLI IN OSLO

NORWAY'S Orkla Borregard, the industrial and investment group, posted first four month results of NKr 110m ($16.3m) compared to *NKr 100m in 1986.* Earnings per outstanding share before tax reached NKr 19, compared to NKr 17 in the same period of 1986.

Orkla Borregard says that the ordinary result for industrial activities improved by more than 40 per cent to achieve NKr 91m. Although investment activities also improved *and showed a result in real terms of* more than NKr 200m, only NKr 31m was realised and included in the recorded result.

Restructuring in the group is continuing and several subsidiary companies have been sold. One agreement of purchase, however, has been made to acquire Western Re*gion Bakery Articles, a producer of* bakery margarine.

The group's unallocated financial items improved by NKr 20m, due to loans in foreign currencies.

STUDY CRITICISES WHITE HOUSE ON TRADE LIBERALISATION PRIORITIES

# Warning of weak spots in US services

BY ANATOLE KALETSKY IN NEW YORK

THE MOST important US service industries could prove as vulnerable to foreign competition as US manufacturers and there is "no compelling justification for the unusually high priority" which the White House has accorded to liberalising international trade in services.

In fact, while some high-value services, including banking and data processing, continue to enjoy significant competitive advantages against foreign rivals, America's relative position in other equally important areas, particularly engineering, construction and technology licensing, has markedly declined.

These are among the main conclusions of the most extensive study on the competitiveness of US service industries ever undertaken by an official body. The report, published yesterday by the Office of Technology Assessment (OTA), a non-partisan agency of the US Congress, suggests that hopes of reducing US trade deficits by liberalising world trade in services are largely illusory.

Even though service exports are substantially underestimated in official statistics, the OTA's analysis of private sector data puts service exports in 1984 at somewhere between $69bn and $91bn, compared with the official figure of $43.8bn. The same is true of service imports.

The OTA estimates that America's true trade surplus in non-bank services was $14bn, only $12bn higher than the official figure and very small in comparison with the huge deficits in US trade in goods.

Furthermore, statistical under-recording has not been responsible for the recent decline in the US service trade performance, which the OTA estimates to have gone into deficit by 1985.

Because trade in goods will remain far more important to the US economy than trade in services and given that other nations will "seek concessions on trade in goods in return for liberalisation of services," the OTA warns US negotiators in the forthcoming Uruguay GATT round against "aggressive pursuit of services agreements which could harm the prospects for improving the ability of the trading system to cope with strains over trade in goods."

**Constuction contractors are singled out for losing international leadership in "a surprising number of technologies," including tunneling and reinforced concrete construction.**

Turning to the performance of individual industries, the report concentrates on "knowledge-intensive" business services – banking, engineering construction and information technology – rather than the "low-tech" services like shipping, passenger transport and tourism which dominate the trade accounts.

The OTA believes the former to be particularly important in supporting US competitiveness in many high value-added manufacturing industries.

The report makes particularly bleak reading for US engineering and construction companies, the second-largest group of "knowledge-intensive" service exporters after the financial industries.

The construction contractors, which accounted for around $8bn in 1983 according to OTA estimates, are singled out for losing international leadership in "a surprising *number of technologies*," *including* tunneling and reinforced concrete construction.

With competition intensifying and technological progress accelerating, not only in Japan and Europe but also in Third World countries like Korea, Brazil and India, the competitive future for US construction companies "resembles that of the nation's smokestack manufacturing industries," the OTA grimly notes.

The agency makes similar but more muted observations about America's invisible earnings from technological royalties generally, which contribute about $6bn a year to the US balance of payments.

Commercial banking comes off better, but is also warned against complacency. The "only real threat" to this industry, which is estimated to have earned around $9bn in foreign revenues, is seen as coming from Japan, largely because of the immense international assets which the Japanese banks now command.

While the Japanese still lack some expertise in international banking, this is an industry where "few of the forces affecting competitiveness make a big difference the way that technical skills do in the commercial aircraft industry" and where "innovations diffuse with considerable speed."

Under these circumstances, the banks of the industrialised countries "should not diverge much" in their inherent competitive abilities, but sheer size could give the Japanese banks an advantage outweighing the experience of the US institutions, the report said.

The OTA questions whether the US authorities should be urging financial liberalisation on the Japanese Government, since "the magnitude of the competitive threat to US banks depends first of all on the speed of deregulation in Japan's domestic financial markets."

The agency also warns that bank*ing is the one industry where freer* trade "seems to carry the potential for severe disruptive impacts," because of the increasing difficulties of regulating the solvency of the internationalised financial system.

By contrast, in information technology services, the third industry considered, the US has clear strategic reasons for promoting international trade, since freer flows of information services could well have a leveraging effect.

**The report also contains a cautionary note for the commercial banking sector and a warning against "complacency." The OTA cites the "only real threat" as coming from Japanese banks**

The US is currently highly competitive in all information technology services, the OTA says. However, while the US lead is secure in data processing and information services, the two most important sectors, telecommunications and software, "will be a good deal more volatile and may demand attention from policymakers."

In telecommunications, foreign companies, backed by governments and PTT monopolies, could eventually make inroads on US competitiveness, especially since the US has not yet devised a satisfactory structure for technical co-ordination and long-range planning since the breakup of AT&T.

Software development has been identified by several countries, particularly Japan, as the key to challenging US dominance of the com*puter industry as a whole.*

GENERAL DYNAMICS SETS THE RECORD STRAIGHT WITH ITS BEST CUSTOMER

# Defence group pacifies the Pentagon

BY DAVID BUCHAN, RECENTLY IN ST LOUIS

GENERAL DYNAMICS and the Pentagon are each other's largest customer – and are at last patching up what has been an extraordinarily bad relationship.

Only two years ago GD and the Pentagon seemed to be at war on many fronts. Amid charges that it was engineering cost overruns and billing false overhead costs, GD was pilloried in Congress, investigated by the Justice Department, from May to August 1985 suspended from all payments by the Navy, and from December 1985 to February 1986 barred from all new Pentagon contracts.

Yet in recent weeks the Justice Department has dropped two lengthy cost fraud prosecutions against GD for lack of evidence. Mr John Lehman commented, just before he resigned as Navy secretary, that there was now "no better working relationship than that between the Department of the Navy and GD."

Mr Stanley Pace, brought in as chief executive and chairman in late 1985 to clean up GD, regards the Lehman comment as the company's "graduation diploma," back to corporate respectability.

"When I arrived in 1985, giving the company an acceptable image was my first priority," Mr Pace explained in an interview at the company's headquarters in St. Louis.

"While on technical grounds the prospects of our products winning contracts were good, if we didn't get this image corrected and corrected quickly, it would soon become a swing factor in the award of contracts, either explicitly or implicitly."

So, GD's 100,000 employees were put through their ethical paces. By the end of 1986 all had attended "ethics awareness" seminars. All 80,000 workers who used timecards, the basis of Pentagon contract accounting, were re-trained to write out their cards in indelible ink and to allot their time to the correct programme.

With these elaborate measures in place, the attention of management has swung back to the business of making weapons and money.

**Stanley Pace, chairman, is well pleased with General Dynamic's return to corporate respectibility. His efforts to "give the company an acceptable image" followed two lengthy cost fraud prosecutions and an investigation by the Justice Department. "If we didn't get this image corrected and corrected quickly, it would soon become a swing factor in the award of contracts," he said.**

The company has the most diversified base of any US defence contractor, making weapons systems for each of the three services

Most of these programmes have a substantial backlog of orders to help GD through the current "down cycle" in US defence procurement.

Nearly 2,000 F-16s have rolled off the company line at Fort Worth or been co-produced around the world. Total orders of over 4,000 M-1 tanks have been made, but orders for 7,500 are expected.

The only new area where GD may face competition, as it already does on its missile business, is in the manufacture of Trident submarines.

The Navy is trying to entice Newport News of Virginia into competition on the remaining six or seven submarines that remain to be contracted (Britain, the only export customer for Trident missiles is making its own submarines).

However, GD faces two problems. The specific one is the drain on profits caused by the 1985 acquisition of Cessna, which like the rest of general aviation continues to lose money.

Last year GD decided to write off \$420m of the Cessna purchase price, thus turning a 1986 net profit of \$367m on sales of \$8.8bn into a \$52m net loss, and to reduce the size of the (probably unsaleable) Cessna business still further.

The second problem is the tougher procurement conditions of lower prices, larger up front costs and higher risk that the Pentagon is imposing on all defence contractors.

General Dynamics has a two-fold strategy for this, according to Mr Standley Hoch.

For the first time in a long while, GD has taken on a sizeable amount of long term debt: a total of \$425m with an average life of 20 years, at an average 8.2 per cent rate.

From the mid-1970s to the mid 1980s, GD paid zero income tax because of a switch to completed cost accounting (allowing tax to be deferred until the end of long term contracts).

These deferred taxes have now become payable in the 1986-88 period. For the future, says Mr Hoch, GD has become much more selective, not about the defence programmes it bids on, it still wants to remain the lead US contractor, but about the prices at which it bids.

# Portugal calls two major banks to account

BY DIANA SMITH IN LISBON

PORTUGAL'S Finance Ministry has refused to approve the 1986 accounts of two state-owned banks, the Banco Nacional Ultramarino (BNU) and Banco Borges e Irmao (BBI).

After a decade in which the banking sector has been allowed to fudge its accounts and draw a veil over heavy underlying losses, the Government is now calling for a drastic accounting overhaul

In effect, the government decree means that if a bank has made a loss it must admit to it. Earlier this year Banco Fonseca e Burnay disclosed a loss of Es3bn (\$23m)

BNU and BBI, which are widely understood to be in considerable difficulties because of bad loans and overmanning, were expected to follow Banco Fonseca's example.

Instead, BBI tried to declare an Es185m profit for 1986. After an examination of the bank's accounts, Finance Ministry inspectors have ordered the bank to declare a loss of Es2bn.

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Smoke starts to clear in aftermath of US tax move

BY STEPHEN FIDLER

AS THE SMOKE started to clear yesterday following the US Treasury's decision to terminate its tax treaty with the Netherlands Antilles, some of the options open to US bond issuers affected by the decision began to emerge.

More than $30bn of outstanding Eurobonds were issued prior to July 1984 by US companies through the Netherlands Antilles, which would become 30 per cent more expensive to service because of the withholding tax that will apply as soon as the treaty is terminated at the end of the year.

From the issuers' point of view, most such bonds carry calls which will relieve them of the painful need to bear this extra cost of servicing. Such issues are trading close to their call price. However, according to Eurobond market lawyers, there are a significant number of bonds which are callable only at a premium, are expensive or impossible to call.

Some issues, for example, are callable only if a change in the law affects the payment of interest to investors through the Antilles finance subsidiary, which is not the case in this US decision.

In other circumstances, issuers would find it more economical to leave the Eurobonds outstanding and restructure the relationship between the Antilles subsidary and its US parent by repaying the inter-company loan.

This could in some circumstances involve transferring the parent company obligation to a subsidiary outside the US. Or, the Antilles subsidiary might use the funds from repayment of the inter-company loan to buy a securities portfolio to service the bonds.

Some US issuers have expressed concern about the impact of calling their bonds on their reputation with investors. But the windfall gains to some companies could be as high as $50m to $100m, by some estimates; to fail to take advantage of such an opportunity might leave companies open to law suits from shareholders.

A number of issuers such as Texaco, with more than $2bn of bonds outstanding, and LTV will be prevented from calling their bonds because of bankruptcy proceedings.

The feeling that investors are becoming increasingly tired with US corporate borrowers intensified in the market yesterday—and the bankers taking that view most forcefully were from US houses. Several large corporate restructurings in the past few years have led to overnight downgradings in the debt ratings of many American borrowers. For some investors, the Treasury's action may be the final straw.

Yet talk of the market closing completely to US issuers seems to be exaggerated. The market has a notoriously short memory and, in it, everything has a price.

**INTERNATIONAL BONDS**

Affected issues were marked lower where changed in a generally subdued market yesterday, though there was little evidence that any significant trading had taken place.

In the new issues sector, the World Bank issued in two currencies on the same day but it sems unlikely demand will overlap.

The bank made the largest issue yet seen in the Kuwaiti dinar bond market, a seven-year issue for KD 30m. The issue carries a 7½ per cent coupon and surpasses in size the previous largest issue made in May, when Finland reopened the market for foreign borrowers after a five-year lull with a KD 20m issue.

National Bank of Kuwait is leading the issue, most of which can be expected to be placed inside Kuwait.

The bank also returned to the Canadian dollar sector for the first time since 1984. The new C$150m issues, led by Wood Gundy, carried a 1992 maturity, 9¼ per cent coupon and 101¼ issue price. It is non-callable and was trading just within its total fees of 1⅞.

In Ecus, the European Investment Bank launched a 10-year issue of Ecu 150m, carrying a 7½ per cent coupon and a price of 101, through Daiwa Europe. It came too late to obtain a reliable trading level, but some investors may be cautious over the 10-year maturity.

In Australian dollars, Deutsche Bank Australia launched a A$100m bond issue with a three-year maturity, a coupon of 13¾ per cent and a price of 101½. Lead manager was Deutsche Bank Capital Markets and it was said to be trading within its fees.

In the dollar sector, the only new issue was a $100m floating rate note (expandable to $130m on a tap basis) for Central Finance Corporation, a Cayman Islands concern. The key to the issue is the letter of credit by Mitsui Bank's New York branch.

The 10-year issue, led by Kidder Peabody International, carries a spread of 27½ basis points over three-month Libid and was said to be trading within fees. There is a call option two years at par.

In the Swiss franc market, there were the first tentative signs that Japanese interest may be switching back to the equity-linked Swiss market. A convertible issue launched on Tuesday for Ishihara Sangyo was increased to SFr 180m from SFr 120m, because an $80m issue was postponed. The lead manager of that issue was Swiss Volksbank.

A further equity-linked issue is expected tomorrow from a Japanese borrower which has moved to the Swiss market from the Euromarket.

In the D-Mark sector, Eurofima came with a DM 100m bond with currency warrants, with a six-year maturity, a 5¼ per cent coupon and a price of 112. The exercise period for the currency warrants is just under a year and each DM 5,000 bond carries 12 currency warrants exercisable into $500m each at DM 1.8300 to the dollar.

## Australian broker in A$80m flotation

By Chris Sherwell in Sydney

ONE OF AUSTRALIA'S best-known broking firms is to raise A$80m (US$57m) in a local public share issue.

The flotation of McIntosh Securities, parent of McIntosh Hamson Hoare Govett, is much larger than the first such issue made recently by Jacksons, the Sydney firm. A third flotation, from Rivkin James Capel, is believed to have been shelved.

Under the McIntosh plans, A$40m will be raised through the sale of existing shares and another A$40m through an offer of new shares. A total of 23.88m shares will be available at A$3.35 a share.

Based on a profit forecast for the year to June 1987 of A$30m and a price-earnings ratio of nine times forecast earnings, the group is being capitalised at A$270m.

Hoare Govett, the London stockbroker controlled by Security Pacific Bank, will sell down the 37 per cent share it took in the firm in late 1984 to 31.4 per cent.

The stake held by the firm's executives will decline from 63 per cent to 38.6 per cent. Apart from a small stake to be held by employees, the remainder will be held by the public.

"The listing will provide additional working capital for the group's stockbroking operations and also facilitate expansion into complementary areas within the financial services industry." Mr John McIntosh, executive chairman, said.

The long-term aim is to develop McIntosh into a broadly-based financial services group. Its principal activities currently are securities trading, underwriting, options and futures trading, research and corporate services.

The group, which has 350 staff, was formed in 1972 and is highly respected by Australian institutions. The share issue has not been underwritten. Listing is expected by late July or early August.

## Alexander Nicoll and Clare Pearson on changes in the Euromarket

## Profit ranked above league rating

THE ABSENCE of stalwarts, such as Merrill Lynch and Goldman Sachs, from the first-half 1987 list of top lead managers for the Eurobond market is testimony to the fundamental changes the market is currently undergoing.

"Everybody always thought that the Eurobond market was a Eurodollar bond market," said one syndicate manager yesterday. That view has had to be revised.

The market has changed utterly since the days when the big and European houses dominated, wheeling out a host of dollar fixed and floating rate bonds. In the face of dwindling investor demand, a mere trickle of "classical" fixed rate dollar bonds has emerged this year, and new floating rate note issues have all but disappeared.

Many traditional players have had to drastically re-examine their strategy. Prestige jobs for syndicate managers have been undermined or altered.

The volume of dollar issues—even with their much-reduced market share boosted by equity-linked issues—has slumped because of currency worries, the vagaries of US interest rates and the trials of the floating rate note market. Meanwhile, the yen market has been strong and has seen a huge volume of new issues. The sterling and Australian dollar markets also played a much greater role.

At the same time, there has been growing emphasis on issues of equity and equity-linked products, with $22.2bn of the overall $90.4bn market total taken up by convertible and other equity-linked bond issues.

The houses that have benefited in the league tables are those that are strong in these areas. The Japanese firms can tap their domestic yen investor base, and also have Japanese corporate issuers as essentially their preserve for equity-linked bonds such as the recent record $800m issue for Toyota.

Meanwhile, S. G. Warburg and Baring Brothers (which ranks 17th), are among the banks to have improved their positions thanks to the strength of the sterling market.

**TOP 15 EUROBOND LEAD MANAGERS**

First half 1987

| Manager Ranking (1986) | | ($bn) | % |
|---|---|---|---|
| 1 ( 2) | Nomura | 12.3 | 13.6 |
| 2 ( 5) | Daiwa | 5.6 | 6.2 |
| 3 (12) | Yamaichi | 4.9 | 5.4 |
| 4 ( 3) | Deutsche Bank | 4.8 | 5.3 |
| 5 ( 1) | CSFB | 4.7 | 5.2 |
| 6 (10) | Nikko | 4.1 | 4.5 |
| 7 ( 4) | Morgan Guaranty | 3.7 | 4.1 |
| 8 ( 7) | Salomon | 3.2 | 3.5 |
| 9 (18) | Warburg | 3.0 | 3.3 |
| 10 ( 8) | Paribas | 2.8 | 3.1 |
| 11 (16) | IBJ | 2.8 | 3.1 |
| 12 ( 6) | Morgan Stanley | 2.8 | 3.1 |
| 13 (11) | UBS | 2.3 | 2.5 |
| 14 (20) | Dresdner | 2.1 | 2.3 |
| 15 (17) | Swiss Bank | 1.9 | 2.1 |

Note: Full credit to bookrunner.

Source: IDD Information Services

This year's developments have put increasing pressure on what is already an overcrowded Eurobond market. Competition is such that it is often difficult to win a mandate in traditional sectors on terms likely to be profitable to the issuing houses. Most of the profit is probably in equity-linked deals.

The competition has already prompted some firms to pull out of the market—including Lloyds Bank last month—and more are expected to follow. The outlook for Eurodollar bond specialists, already darkened by the collapse of the FRN market with a considerable contraction in the number of market-makers, has been made even more uncertain by this week's US decision to end its tax treaty with the Netherlands Antilles.

The position of US firms, however, needs to be put into perspective. Though their Eurobond market profile has declined, they have increasingly been adopting a global approach. This means that Eurobonds are simply one option they can offer borrowers, as well as a range of instruments in domestic markets around the world.

Given the unfavourable conditions in Europe, they have instead been leading large volumes of corporate issues in the US domestic market.

Credit Suisse First Boston and Morgan Stanley are among the houses, meanwhile, to have clearly shifted their Eurobond maket emphasis into the equity-related area, with separate syndicate desks. Morgan Guaranty, with the aid of Enskilda Securities, last week launched its first equity-related bond since 1983.

Conversely, Japanese houses, despite their lofty rankings, admit that their role in the international markets is still limited. The institutional investors in Japan which form the base of their business are still relatively unsophisticated and unwilling to look beyond certain comparatively narrow categories of issuer, such as sovereign borrowers.

The Japanese houses have benefited from the happy confluence of healthy yen and equity-related markets in which they can shine. Naturally, they tend to reject the constant charges levelled at them of deliberately undercutting the competition in order to buy market share.

"If you look at our deals, particularly the equity warrant bonds, you can clearly see how profitable they are," one Japanese executive said yesterday.

Virtually every Eurobond house will claim that profitability and not league table ranking is its goal. "After all the losses houses suffered on new issue business last year,

**TOP 10 EUROBOND CURRENCIES**

| | | Equivalent in $bn 1987 (first half) | 1986 (12 months) |
|---|---|---|---|
| 1 ( 1) | US$ | 34.7 | (114.3) |
| 2 ( 2) | Yen | 17.6 | (18.7) |
| 3 ( 4) | Sterling | 9.7 | (10.6) |
| 4 ( 3) | DM | 9.1 | (17.1) |
| 5 ( 8) | A$ | 6.2 | (3.1) |
| 6 ( 5) | Ecu | 5.5 | (6.9) |
| 7 ( 6) | C$ | 3.8 | (5.2) |
| 8 ( 7) | FFr | 1.4 | (3.5) |
| 9 ( 9) | Fl | 0.8 | (1.4) |
| 10 (10) | DKr | 0.5 | (1.1) |
| New issues total | | 90.4 | (182.6) |

Source: IDD Information Services

there's been a distinct shift from saying 'let's climb the league table' to 'let's make some money'," one syndicate manager says.

But there is no doubt that a good deal of league table massage goes on. In particular, borrowings that are really private placements are dressed up as listed public issues.

But these and other innovative instruments increasingly put a premium on the expertise of new issues departments.

"There is no room for the 'classical' new issues manager any longer," said one senior executive at a US house. "It's much more important now to be able to detect arbitrage opportunities between all the different markets and instruments."

## $1bn Euro-note programme for Spain

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE GROWING market in medium-term Euro-notes received a boost yesterday when Spain announced a $1bn programme arranged by Salomon Brothers International.

Other sovereign borrowers have tacked the ability to issue MTNs—securities continuously offered like commercial paper but for longer maturities—on to Euro-commercial paper programmes. Spain, however, is the first to arrange a MTN programme standing alone.

As well as Salomon, dealers will be First Chicago, Merrill Lynch, Swiss Bank Corporation International and S. G. Warburg.

Separately, Merrill Lynch Capital Markets brought its own parent, Merrill Lynch and Company, as the latest borrower to arrange a multi-tranche programme for medium-term paper following the structure which Merrill itself has pioneered with six previous programmes.

Merrill will have a $500m programme enabling it to issue tranches of one to 10-year paper. According to the structure, each tranche must be at least $50m.

Meanwhile, Banco di Santo Spirito of Italy has appointed Citicorp Investment Bank to increase its Euro-certificate of deposit programme from $200m to $600m. The programme has five other dealers.

## Japan's trust assets at peak

TOTAL NET assets held in Japanese investment trusts reached a record Y41,031bn in June, piercing the Y40,000bn level for the first time, AP-DJ reports from Tokyo.

Officials attributed the surge in such investments to successive cuts in Japan's discount rate since last year which have encouraged corporate and individual investors to enter the market due to the lower rate of return available elsewhere.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 1

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey National 7⅞ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| A/S Eksportfinans 7⅞ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| A/S Eksportfinans 7¾ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria 7⅞ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| BP Capital 9¼ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| British Telecom 7⅞ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Campbell Soup 10⅞ 95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada 9 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canadian Pac. 10⅞ 95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CCCE 7⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CNCA 7⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Citicorp 8⅞ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Credit Lyonnais 9 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Credit National 7⅞ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Credit National 9⅞ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Credit National 7⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark Kingdom 7⅞ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark Kingdom 8⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EEC 7 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EEC 8⅞ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EEC 7⅞ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 7⅞ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finland 7⅞ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finland 7½ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ford Motor Cred. 10½ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ford Motor Cred. 11⅞ 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gen. Elec. Cred. 10⅞ 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Hoesch 7½ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Hoesch 7⅞ 94 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fujitsu 3 99 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gunma Bank 2⅞ 02 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mitsubishi Bank 2⅞ 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mitsubishi Trust 2⅞ 01 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mitsui Trust 2⅞ 01 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Murata 3½ 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nippon Elec. 2⅞ 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nippon Oil Co. 3 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKI Elec. Ind. 3½ 99 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Omron Tateisi 2⅞ 02 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sumitomo Bank 2⅞ 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Toshiba Ceramics 3 00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nippon Oil Co. 2⅞ 92 SFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yokohama Bank of 2⅞ 01 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



## Mixed replies from Japanese to BankAmerica

By Yoko Shibata in Tokyo

JAPANESE BANKS have given mixed reactions to BankAmerica's request for an injection of $350m with which to rebuild its capital base.

Mr Kenji Kawakatsu, president of Sanwa Bank, told Mr Tom Clausen, the chairman of the US banking group, when he visited Japan last month that Sanwa was willing to cooperate with Bank of America in view of its longstanding relationship with the US. However, Mr Kawakatsu quickly added that it would be preferable to form a loan syndicate.

Mr Kaneo Nakamura, president of Industrial Bank of Japan, said financial support was necessary from a broad perspective. Mr Kenichi Kamiya, chairman of the Federation of Bankers' Associations, said the federation would let banks decide individually whether to accept the request.

Mr Frank Newman, vice-chairman of BankAmerica, made a formal request for financial assistance in mid-June to 23 Japanese banks. He told Japanese bank executives that the financially hard-pressed US bank intended to issue $250m in subordinated bonds and $100m in preferred shares on the Japanese capital market as part of its plans to increase capital by $1bn in the coming month.

Some senior bankers at the meeting voiced profound concern that Japanese banks might suffer, if BankAmerica could not redeem the subordinated bonds.

Bankers pointed out that both bank-issued subordinated bonds and preferred stocks bought from other banks are deducted from a bank's primary capital, under the terms of the US-UK proposals to harmonise capital adequacy ratios. The Japanese banks, which face increasing pressure to raise their capital ratios, argue that they have little interest in acquiring assets that would undermine this effort.

Mr Ryuichi Kato, president of Tokai Bank, dismissed the suggestion that an international syndicate should be formed to lend financial assistance to BankAmerica.

The Ministry of Finance has been encouraging banks to extend financial support to the US bank, seeing the matter as a potential bargaining chip in the talks with the US authorities over the Japanese banks' future compliance with the proposed new US-UK capital ratio rules.

However, Mr Kamiya, of the Federation of Bankers Associations, hinted yesterday at the possibility of some Japanese commercial banks forming a syndicate to help BankAmerica.

# INTERNATIONAL COMPANIES and FINANCE



## Canberra blocks bid by ICI unit

BY CHRIS SHERWELL IN SYDNEY

TWO POTENTIALLY controversial government decisions have snagged a hostile A$212m (US$152m) bid by ICI's 62 per cent-owned Australian subsidiary for F. H. Faulding, the Adelaide-based pharmaceutical group.

In a move with possible implications for foreign investment in Australia, Mr Paul Keating, the Federal Treasurer, has issued a restraining order through the Foreign Investment Review Board which freezes ICI's bid for a further 90 days. The formal reason is to give the government more time to consider whether to approve the bid.

However, the action has raised serious questions about the relaxation of foreign investment guidelines announced a year ago.

The second decision, involving the state government of South Australia, focuses on the purchase on Tuesday of an 8 per cent block of shares in F. H. Faulding by the South Australian State Government Insurance Commission.

The A$21m purchase was made at the market price of A$5.60 per share, significantly higher than the ICI offer of A$4.74, which itself represented a price-earnings ratio of some 27 times. The seller was a Swiss shareholder.

ICI directors are surprised and disappointed at the two decisions, and the group is now considering its position. Though its bid, announced last month, expires on July 16, it can be extended for up to five more months.

One option would be to buy Faulding shares on the market up to the permissible 15 per cent limit—ICI currently has only a ½ per cent share. But it is reluctant to pay more than it has already offered.

Alternatively, it could let the bid lapse. This would suit Faulding, which has rejected the bid and has evidently won support from the South Australian and even federal governments.

At the time of its bid, ICI said the two companies, with their complementary products and resources in the health care field, could expand more effectively at home and abroad.

Faulding rejected the bid, saying a takeover would jeopardise Faulding's relations with international partners which were ICI's competitors. It said the bid also neglected to take full account of Faulding's research and development work. Both points are disputed by ICI.

The delay by the Foreign Investment Review Board is ostensibly related to Mr Keating's pre-occupation with the current election campaign. But it has not gone unnoticed that the board has made similar decisions recently without evident difficulty.

The wider question concerns foreign investment generally. The board's decision is thought to be the first of its type since last July's relaxation of investment guidelines.

This in effect gave automatic approval foreign to manufacturing investments, provided they were not against the national interest. Reckitt and Colman was one of the first British companies to benefit from the relaxation when it bought out its minority interests in Australia.

Previously, and controversially, there was an economic benefit test and a 50 per cent Australian equity requirement, and moves by British companies like Unilever and Cadbury Schweppes were rejected.

## Pacific Dunlop wins Coats offshoot

By Our Sydney Correspondent

COATS VIYELLA, the large British textile and clothing group, has accepted a revised A$243m (US$175m) offer from Pacific Dunlop, the Australian conglomerate, for its 54.5 per cent-owned local subsidiary Bonds Coats Paton.

The decision has abruptly ended an intensifying battle between Pacific Dunlop and a rival bid from a joint venture between Entrad and the Linter group, textile groups controlled by Mr Abe Goldberg and Mr Basil Sellers.

It followed an increase in Pacific Dunlop's offer from A$5.75 a share to A$6.25, payable within five days and equivalent to 15.8 times 1986 earnings. It was accompanied with a higher 13-for-10 share exchange offer and an agreement to make the bid unconditional.

The acquisition widens further the spread of Pacific Dunlop's interests, which embrace surgical gloves, condoms, tyres, footwear, sportswear, long-life batteries and power and telecommunication cable.

The group's increased offer trumped an A$6.20 bid from the Entrad-Linter partnership. The joint venture then raised its offer to A$6.40, but Coats Viyella, keen to see the matter concluded, decided to forego the extra proceeds.

In a statement, Mr John Ashton, Coats Viyella's finance director, said that the rivals to Pacific Dunlop had not completed or registered their offer documentation, and that it would take time for this to be despatched and the cash to be received.

"We consider A$6.25 to be a fair price," he said. "We also decided to accept the Pacific Dunlop offer to end the uncertainty that has been surrounding the future of Bonds Coats Patons for some weeks."

He added that Coats Viyella still hoped shareholders would ratify the sale of Bonds Coats Patons' thread and hand-knitting divisions to Coats Viyella. Pacific Dunlop had originally made this a condition of its bid.

## MBF Holdings to diversify its activities

BY WONG SULONG IN KUALA LUMPUR

MBF HOLDINGS, the Malaysian finance and property group, is to acquire controlling stakes in three publicly listed companies through a share exchange offer.

It has entered agreements to take stakes of 31.4 per cent in Ganda, the oil palm, property and hotel company, 31.7 per in Samanda, the adhesive and labels company, and 31 per cent interest in Duff, a plantation venture.

MBFH will issue a total of 87.13m new shares, priced at 1 ringgit each, for the respective stakes.

Dato Loy Hean Heong, MBFH's managing director and its biggest shareholder, said there would not be a similar offer to minority shareholders as the stakes did not exceed the 33 per cent trigger point.

He said the acquisitions would diversify MBFH's range of activities. If successful, the acquisitions would increase MBFH's paid-up capital from 183m to 270m shares of 50 cents each.

MBFH has also requisitioned an extraordinary general meeting of Emtex, the plantation and textile company, next Monday to put its nominees on the board. It is the biggest shareholder of Emtex with 21 per cent.

Dato Loy said if MBFH is successful in winning Emtex, the combined plantation interests under MBFH's control would be close to 50,0000 acres.

He believed there was great potential in manufacturing in Malaysia, and MBFH wanted to move into this sector through Samanda, which is already a leader in its field.

Dato Loy played a vital role in establishing Ganda and Samanda during the late 1960s, but relinquished his stakes a decade later to concentrate on MBFH.

Duff Plantantions was formerly part of the Kuala Lumpur-Kepong group.



## Buyer sought for Hibernia Bank

BY DAVID DODWELL IN HONG KONG

FIRST PACIFIC HOLDINGS, the Hong Kong-based financial services group controlled by the Liem family and associates in Indonesia, has mandated First Boston to find a buyer for Hibernia Bank, a 35-branch bank in California which has been brought from losses to profitability in the five years since it was bought by First Pacific.

Mr Manuel Pangilinan, managing director of First Pacific, said yesterday that a short list of 20 possible buyers had been assembled, and he aimed for a deal within three months.

Disposal of Hibernia follows the purchase in March this year of United Savings Bank in California for about US$16m. United Savings Bank has 21 branches aimed at servicing California's Asian-American population, and specialising in mortgage banking. United Savings is to be expanded on the US West Coast, and possibly in Canada, Mr Pangilinan said.

Hibernia made a profit last year of $11.7m, compared with losses of $18m in 1982. Total assets amounted to $1.5bn at the year end.

Mr Pangilinan said Hibernia faced direct competition from big US banks, and would, as a relatively small bank, have better prospects if it were integrated into a larger institution.

● Financial Corporation of America, the major Californian savings and loan concern, expects a second-quarter loss of between $150m and $200m as a result of a writedown of reserves for regulatory reasons, additions to the reserves for losses on loans and property, and higher interest rates, Reuter adds.

In the year-earlier period, FCA reported earnings of $11.6m, or 23 cents a share.

## Maori development bank formed in New Zealand

BY DAI HAYWARD IN WELLINGTON

BRIERLEY INVESTMENTS, and Fletcher Challenge, two of New Zealand's largest companies, have joined the New Zealand government in setting up a Maori development bank. This will make advances and loans to Maori-owned enterprises and businesses.

The bank will have an initial paid up capital of NZ$24m (US$14.25m) and an authorised capital of NZ$50m. The government has contributed NZ$13m, Brierley and Fletcher NZ$2m each, with the remaining NZ$7m coming from the Maori Trustee—which looks after the interests of the Maori people.

The creation of the corporation, announced by Mr Roger Douglas, the Minister of Finance, yesterday, follows three years of investigation into the viability of a Maori development bank.

It will be chaired by Mr Waair Ward-Holmes, a well-known Maori businessman, who is executive director of Progressive Enterprises. Brierley and Fletcher will each have a representative on the board.

The corporation is intended to help Maori-owned enterprises to develop and expand so that the Maori people can have a larger stake in the country's commercial activity. In addition to providing capital, the corporation will give financial and marketing advice.

Two of its first projects will be a cool store for Maori kiwifruit growers and a NZ$500,000 investment in a goat farming operation.



## Tisco pays same despite lower profits

By R. C. Murthy in Bombay

PROFITS of Tata Iron and Steel Company (Tisco), India's largest private sector company, fell by 15 per cent to £2.2bn ($3.5bn) in the year to March 1987 on a 10 per cent increase in sales to £14.16bn.

Net profits (after depreciation and tax) declined by 18.7 per cent to £8.75m but the company has decided to maintain the dividend at 25 per cent. The stock market was pleasantly surprised at the working results and the £100 share of Tisco, the market leader, gained more than £55 to £667.50. The market had expected a cut in dividend.

Mr Russi Mody, Tisco's chairman, says profits fell because steel prices, which are controlled by the government, have not been increased since February 1985 despite input costs having been steadily rising. However, Tisco has been trying to lift productivity and offset costs.

The company plans to produce 2m tonnes of steel this year against 1.9m tonnes last year. Tisco intends to add 1m tonnes of steel capacity with an investment of about £10bn.







**CORPORATE FINANCE**

The above Survey which was due to be published on the 23 July will now be published on Monday 27 July

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**AIBD BOND INDICES**
**WEEKLY EUROBOND GUIDE JUNE 26, 1987**

| | Redemption Yield | Change on Week % | 12 Months High | 12 Months Low |
|---|---|---|---|---|
| US Dollar | 9.322 | —0.967 | 9.702 | 8.440 |
| Australian Dollar | 13.956 | 0.187 | 14.735 | 13.114 |
| Canadian Dollar | 10.243 | —1.149 | 10.776 | 9.372 |
| Euroguilder | 6.089 | —0.766 | 6.250 | 5.804 |
| Euro Currency Unit | 8.653 | 0.313 | 9.041 | 8.219 |
| Yen | 5.858 | 0.688 | 6.530 | 5.218 |
| Sterling | 9.899 | 0.763 | 11.609 | 9.443 |
| Deutschemark | 5.971 | 0.471 | 6.638 | 5.890 |

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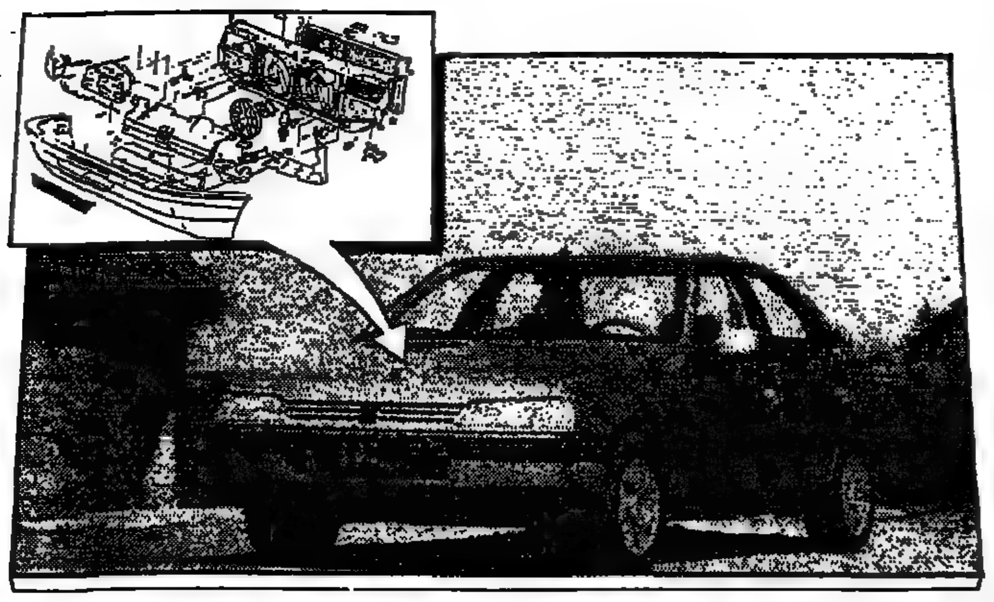
# Peugeot: The lion goes for plastic strength

**Jane Rippeteau explains how the French car company is using new materials to simplify production and improve vehicle design**



The 405's front-end sub-assembly contains some four dozen parts, and results in a big reduction in production times

MOTOR manufacturers, anxious to reduce the weight, cost and fuel consumption of their vehicles, have for a decade been gradually increasing the amount of plastic and composite materials used in cars. Today, the plastic content of a typical family saloon in Europe is about 10 per cent by weight, according to Alan D. Martin, an automobile industry consultant with Arthur D. Little in London.

Now, the Peugeot car group in France has taken the technology a step further. Its new 405 medium-sized saloon has a one-piece composite front end frame that provides two structural bulkheads and can accommodate some four dozen parts in a single sub-assembly, according to company executives.

Peugeot believes the unit will simplify production, improve quality control and reduce weight and drag—but not lower the price.

"A robot can pick up the entire sub-assembly and place it on the front of a car. You have only to bolt it on," says Philippe Couvreur of Peugeot's Advanced Engineering Division. Adds Jean-Jacques Lanfranchini, chief of the Plastics Development Department: "There is a big reduction in time needed to mount parts on the assembly lines."

The sub-assembly is cast of a new material, a compression-moulded polyester, developed in collaboration with Inocar, a French moulding company located near Lyon. Inocar is the same company that several years ago produced the plastic bonnet for Peugeot's Citroen BX.

The new 405 material's dual attraction is that it is strong enough to perform as a structural bulkhead, while it can also be moulded into the desired shape to hold sockets for headlamps, the radiator, fans, air intakes, the horn, spoilers, grills, bumpers and other parts, says Couvreur.

The 405, sporting a well-received aerodynamic shape, is to go on sale before the end of this year, and is to gradually replace Peugeot's 305 model.

Plastic sub-assemblies have already been used for car dashboards and instrument panels. "The last five years has seen a big growth in the use of plastics in cars," says Martin of Arthur D. Little. He and others expect that an average car's plastic content, by weight, will rise to 15 to 20 per cent by 1995.

According to Martin, Peugeot's plastic front frame is an important advance because it is at least partly structural. "It's not unexpected, but it's the first time such a technique has been used," he says.

Most of the attention on the new weight-reducing plastics has focused on interior components, bumpers, and decorations. The use of high-strength plastic or composite body panels to replace steel is not yet economically feasible, say industry executives.

Nor is it necessarily desirable, according to Oliver de Pous, who has just left the non-metallic materials group at Battelle-Europe to become manager of Advanced Materials Programmes at ENI, the Italian state energy company. "The full composite car is stupid," he says. "It would be too hard. There is no deformation on impact."

He says the point of composite materials is to add texture, to enhance mechanical strength and resistance to cracks. New work involves fibre reinforcement of metals, such as injecting liquid aluminium over beds of ceramic fibre needles to achieve a material "much harder to break," he says.

Peugeot is a principal member of CARMAT 2000, a collaborative project between Peugeot, Saint-Gobain, Bayer, BASF, ICI and others, to develop new car materials. It also spends a large part of its research budget on electrical systems and electronics for cars. And it recently invested in a Cray supercomputer—a powerful machine usually associated with the number crunching needed to forecast weather—to run calculations on crash impacts and performance of combustion chambers. The Cray speeds calculation time by a factor of 10, according to Lanfranchini.

Anybody hoping that all this will lead to lower car prices will be disappointed though, says Jacques Fleury, executive director of the Peugeot Automotive Division. "The price of the car will stay more or less along the same lines," he says: "But the manufacturer will be able to offer a better product."

## WORTH WATCHING

Edited by Geoffrey Charlish

### Scaling down how to size someone up

A GOOD way for electronic systems to check a person's identity is to examine a fingerprint and compare it with a stored memory.

Systems to do this tend to be bulky and expensive, but recently Edinburgh University developed a unit of a few cubic inches that might be used, for example, as an access device for car doors or as an identity check at a bank cash terminal.

Now the De La Rue Company, which is already a leader in large fingerprint matching systems for police work, has paid £500,000 for exclusive commercial development rights.

The Edinburgh work was originally financed by the Quantum Fund which was founded in 1985 by Investors in Industry, the British Linen Bank and Edinburgh University. The fund is providing a further £300,000 to enable the university to proceed to the full-scale demonstrator stage.

### US visionaries go by the book

THE AUTOMATED Vision Association of Ann Arbor, Michigan, in the US, has published its first machine vision product buyer's guide. More than 100 leading companies in the field and their products are detailed in the 250-page book, which costs $25 in the US ($20 for AVA members), plus $3 for postage and handling.

### Ferranti link for UK VATmen

IN THE UK, Ferranti is supplying a system which will link 168 regional HM Customs and Excise VAT offices throughout the country. Using over 300 terminals, customs officers will be able to pass information quickly from one part of Britain to another. The system will conform to OSI (open systems interconnect) standards.

### Quest for power in the desert sun

A DM 39.2m ($21m) West German-Saudi project, Hysolar, contemplates covering large areas of desert with solar cells, the electricity from which will dissociate water and produce hydrogen. Unlike petrol, the hydrogen, used in vehicles, produces no pollutants—only water.

CONTACTS: Edinburgh University: 031 667 1011. Automated Vision Association: US, (313) 994 6088. Ferranti Computer Systems: 061 499 3355.

# Why the US should tackle today its crisis of tomorrow

**Robert Merges looks at problems facing America's biotechnology industry**

THE US semiconductor industry is in such sad shape that many observers believe only the Government can save it, either through direct (defence) subsidies or by waiving antitrust enforcement via approval of the Sematech proposal, which would unite the industry in a huge joint research and development effort. Among the reasons for the crisis, it is suggested, are aggressive Japanese pricing strategies ("dumping" according to some US companies); superior institutional co-ordination between the Government and private firms in Japan; and flat out superiority in semiconductor manufacturing technology.

It may or may not be too late for US chip manufacturers. But what lessons does the semiconductor story hold for the future of other industries based on key new technologies, like biotechnology?

Biotechnology might seem like a completely different business, and it is in many ways. However, there are important parallels which bear examination. First, biotechnology is like the semiconductor industry in that US companies are proving to be the new product innovators, just like Bell Labs and Texas Instruments in the early days of semiconductors.

US manufacturers are churning out new products, ranging from pharmaceuticals to re-engineered seeds for staple crops. This is of course essential; you cannot have an industry without products. But while new-product research has grown strongly in the 1980s, according to a recent article in BioEngineering News, research and development spending on new process technologies has increased at a much slower rate.

Meanwhile, the Japanese, already among the world leaders in the closely-related field of fermentation technology, are characteristically placing a good deal of emphasis on process technologies, just as the Japanese semiconductor firms did in the 1970s.

Observers report that although US companies hold a big lead in basic science and new products, Japanese companies are ahead in applying new "bioprocess" techniques to a wide range of manufacturing tasks in the chemical, food processing, and waste processing industries.

As with semiconductors, the Ministry of International Trade (Miti) has actively encouraged companies to develop expertise in process technologies. (There are some indications, however, that the diffuse nature of the biotechnology "industry"—actually a collection of technologies—poses a more daunting challenge to Miti than semiconductors did.)

The parallels are not coincidental, of course. They reflect the basic (and highly successful) strategy of Miti and Japanese companies in technology-intensive industries — focus on manufacturing and process technologies.

**Whatever form a bioprocess initiative takes, the message of the semiconductor debacle must be kept clearly in mind**

Seeking to avoid a replay of the semiconductor situation, it might be asked, "how does the strategy of the US Government and private companies compare?

The answer at this point would have to be "not very well."

In the US, the infant bioprocessing industry has shown mixed results so far. Some small companies have faced major difficulty adapting existing technologies to the exceedingly complex task of growing large numbers of cells in controlled culture environments. Others have done better, and a certain amount of venture money has found its way into the smaller businesses. Large companies like Genentech reportedly have made some advances in the process area, but these in-house advances by large firms will be unavailable to new entrants with promising product ideas in the absence of licensing agreements with the larger companies.

And overall, the level of venture capital funding for process technologies is quite low relative to that for new products.

The uncertainty and long-term nature of new process technologies appears to deter private investment. Unfortunately, federal funding—the typical solution to this form of "market failure"—is also inadequate. This is because the National Institutes of Health, the major source of research funds in biotechnology, is primarily concerned with the basic science that leads to new drugs and therapies. Manufacturing technologies were not even considered relevant to the NIH's work until the recent initiation of the Small Business Innovation Research Grant Programme, which sets aside five per cent of NIH funds for commercialisation projects.

In any event, the SBIR programme seems too small, and too unrelated to NIH's primary goals and expertise, to provide the high degree of stimulation and co-ordination that bioprocess research requires. A more specific, well-organised, and better funded initiative seems imperative if the US is to avoid the mistakes made in semiconductors.

It does not really matter which federal agency serves this function. The Department of Energy, with its long history of expertise in chemical engineering, is one possibility, as are the National Laboratories like the Lawrence Berkeley Laboratory.

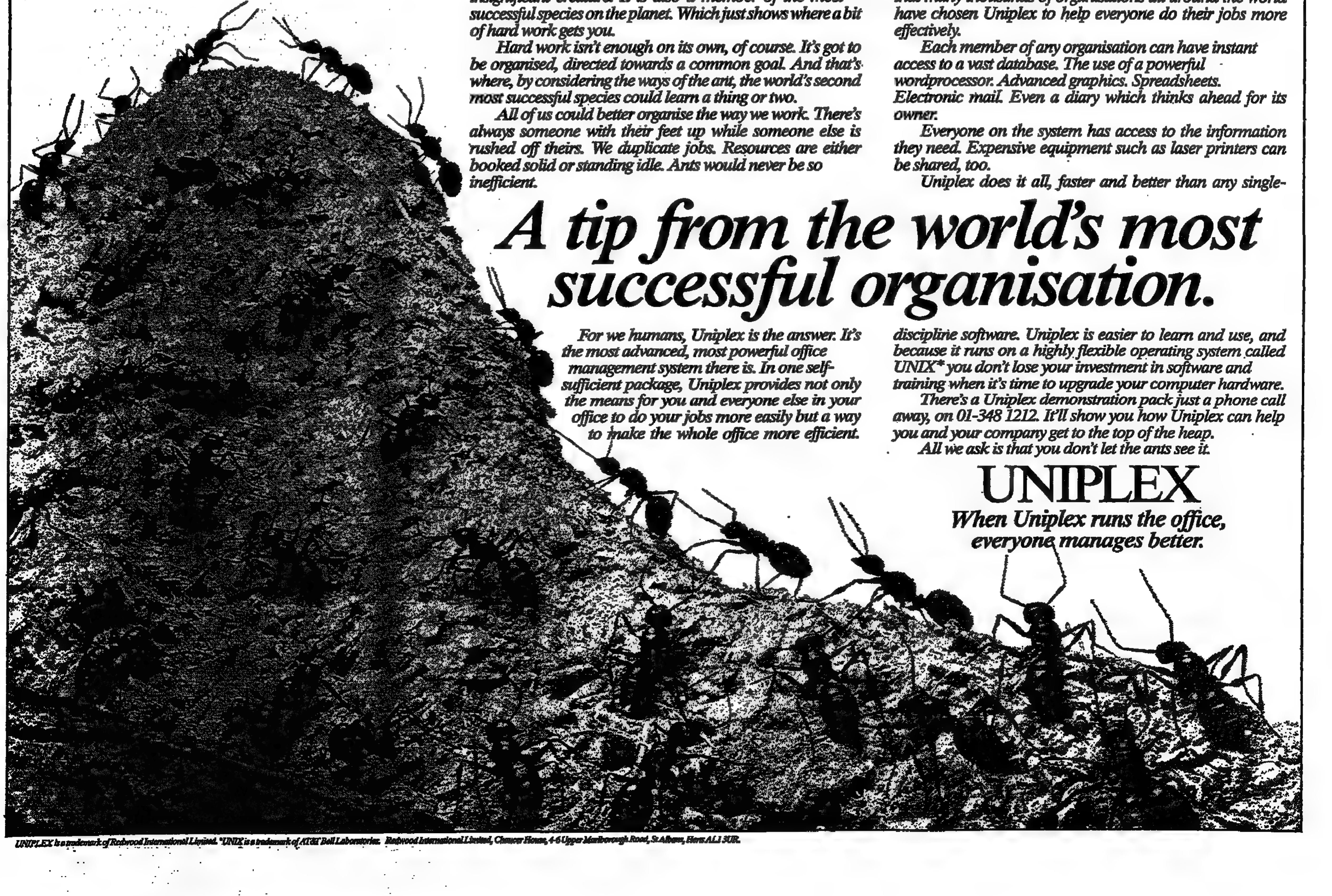
Universities can help, too. But first, the age-old barriers between engineering departments and biology and chemistry departments must be broken, for example by the establishment of a cross-disciplinary major in biochemical engineering.

Whatever form the bioprocess initiative takes, the message of the semiconductor debacle must be kept clearly in mind.

If no action is taken, Americans may well be wringing their hands in a few years, trying to figure out how to salvage another key industry, born and nurtured in the US, but lost to countries which had the foresight to focus on manufacturing processes.

Robert Merges is the Julius Silver Fellow in Law, Science and Technology at Columbia Law School.





# UK COMPANY NEWS

## ANGLO LEASING FLOTATION PLANS WELL ADVANCED

# Dealing profits boost J. Rothschild

BY TERRY POVEY

J. Rothschild (Holdings), investment holding company, yesterday announced pre-tax profits a little ahead of expectations at £100.9m for the year to the end of March 1987 thanks primarily to a two-thirds rise in dealing profits.

Plans to list the investment group's Anglo Leasing subsidiary are now advanced and Rothschild expects to send out a flotation prospectus with its report and accounts at the end of July. The proposal is for 25 per cent of Anglo, a leading office equipment leasing company, to be sold with existing Rothschild shareholders being given first option on most of the issue.

Anglo is in Rothschild's books with a net asset value of £23.2m. The flotation could see it valued at some £50m, a boost to the group's net worth and cash resources.

By the end of March, the group's net worth had risen more than 10 per cent to £667m or 205p a share on capital reduced by 46m shares to 325.24m shares during the year as a result of Rothschild's buy-in policy. Since the year-end another 12m shares have been bought in.

Jacob Rothschild, chairman of J. Rothschild

Dealing profits on short-term investments were up £43.4m at £109.1m before central costs and interest. Investment holding profits (gains on longer term investments) slipped £1m to £26.3m while the return from fund management and financial services almost doubled to £7.5m (£4.3m).

At the interim announcement in December, Rothschild said that it was intending to run down its investment dealing portfolio by taking profits. However, a change of heart towards a more bullish view on equities led to this stance being reversed and at the year end unrealised gains on this account totalled £105.4m before tax, compared with £98m in March 1986 and £38.9m in September.

Unrealised gains on the investment holding portfolio, which are treated as a reserves adjustment, totalled £54m after tax, while there were realised gains, taken through the profit and loss account as an after-tax item, of £35.4m.

After £6.8m (£9.1m) of central costs and £36.8m (£34.3m) of interest paid, pre-tax profits were ahead by £20.4m from the previous year's £80.4m. Taxes paid totalled £35.1m (£25.8m). After the realised investment holding gain and £700,000 extraordinary debit, the profit for the financial year is reported as £100.5m (£109.7m). The previous year's figure was swelled by the £28.2m proceeds from the sale of L. F. Rothschild Inc.

Net earnings per share on the year-end capital were 20.8p (14.8p) before the after-tax profit realisation, or 30.9p (28.6p) including this item. A final dividend of 3.5p is proposed, making 6p (5p) for the year.

See Lex

# Investors plan to oppose bid for Contibel

By Lucy Kellaway

Disenchanted institutional investors in Contibel, part of the old Imperial Continental Gas group, are preparing for a rough fight against the recommended £395m bid for the company by two large Belgian companies.

A group of investors led by Provident Mutual is drawing up a formal proposal, to be put before the Contibel board next week, which would provide for the injection of new blood into the company and bring about more active management of its portfolio of Belgian assets.

The second date for acceptances of the bid by Tractebel and Groupe Bruxelles Lambert is expected to pass today with few — if any — additional takers, forcing the bidders to increase their offer if they are to gain control of the group. Since the bid was launched, the shares have consistently traded above the 278p offer price, as shareholders have argued that the price was too low. Yesterday Contibel shares closed unchanged at 298p.

Mr Ed Challen of Provident Mutual, who claimed to speak for about 28 per cent of Contibel investors, said yesterday the aim of the proposal was to induce the Belgians to offer a much higher price than the 278p now on the table, or to secure a better future for the company should the Belgians decide not to improve their bid.

He said that under the proposals the company's portfolio, which had hitherto been passively managed, would be reconstructed to improve its performance and to make Contibel "a bit more of a with-it company."

Mr Brian Wilmot, finance director of Contibel said yesterday that he had seen the proposal in draft form, and that it contained "some constructive suggestions." He said that the board, which meets early next week, would discuss any formal proposal made.

However, he said the board had no plans at present to withdraw its support for the bid—despite the fact that it has been given the thumbs down by the majority of the company's shareholders.

The first date passed two weeks ago with only 7 per cent of investors accepting the offer.

# All-round growth helps Ferranti rise by 22%

BY STEVEN BUTLER

Ferranti, defence electronics group, has reported pre-tax profits of £50.2m in the year to the end of March 1987, a 22 per cent increase. Turnover rose from £505.8m to £628.7m.

The results were better than analysts' forecasts, and Ferranti shares yesterday advanced 6p to close at 139p.

Improvements showed across the board, with the exception of electronics, and growth was strongest in Europe and the UK. Excluding electronics, pre-tax profits grew by 26 per cent, and Ferranti says that it expects a stronger year ahead.

"In the areas where we had the most difficulties, indications look considerably better," said Mr Alan Shepherd, deputy managing director.

Earnings per share rose 18 per cent to 7.50p, while a full year dividend of 1.94p (1.7p) is being paid with a proposed final of 1.34p (1.15p).

Ferranti's main business areas of defence and computer systems both moved ahead. Turnover in the defence area grew 8.4 per cent to £202.1m, while profits of £25.5m were a 16 per cent improvement.

Sales of computer systems increased to £243.9m (£229.0m), and profits rose to £21.0m (£18.1m). Margins improved to 8.8 per cent for the group as a whole, close to the group's historical average, and up from 8 per cent last year.

Sales in the electronics division, which is dominated by semiconductors, fell by £3.2m to £66.2m, while profits declined from £3.7m to £300,000. This was attributed to difficulties in the US market. An operating loss of £0.75m in the first half of the year was turned around to a £1m profit in the second half.

The industrial electronics division was hit by sluggishness in the offshore oil business. Operating profits still rose to £2m (£1.1m) on a reduced turnover of £73.1m (£78.4m).

Turnover in the instrumentation division grew to £68.4m (£53.2m), while operating profits rose 93 per cent to £5.6m. Investments in previous years would leave Ferranti able to reap the benefits over the next two years with considerably less new investments, the company said.

Group research and development expenditure was about £40m, or 6.25 per cent of turnover, and would be maintained at this level. Capital spending had fallen to £37.2m (£41m), with the reduced capital allowances causing the tax charge to rise to 35 per cent of ordinary profits, or £17.8m.

Mr Derek Alun-Jones, managing director, said Ferranti would concentrate growth efforts on expanding market share internationally and in the UK, where it has about 2.5 per cent of the Ministry of Defence equipment procurement budget. About 64 per cent of turnover is in the UK.

"Our basic strategy as a company is to move forward organically," said Mr Alun-Jones. "We don't feel we need anybody else."

He said that Ferranti was steering investment toward the civil side of the business, but that growth had not kept up with the military side due to the rapid rise of defence procurements.

See Lex

# Wrexham Water in £2.5m tender

By Richard Tomkins

The Wrexham and East Denbighshire Water Company is today making a tender offer of £2.5m worth of 7½ per cent redeemable preference stock 1996-98 at a minimum price of £100 per £100 worth of stock. Stockbroker to the issue is Seymour Pierce.

The company supplies water to a population of 145,000 in the counties of Chester and Clwyd under an arrangement with the Welsh Water Authority. It is making the issue to finance the redemption of £2m worth of 9 per cent redeemable preference stock 1987-89, with the balance going towards the company's capital spending programme.

The gross yield of the new issue is 9.76 per cent compared with about 9.3 per cent for the nearest equivalent Treasury stock.

Seymour Pierce said it expected the issue to appeal mostly to institutional investors using franked income, for whom the yield at the minimum tender price would be nearly 11 per cent. The firm emphasised that there would be no striking price in the offer: successful applications would be accepted at the price tendered.

# Reed Executive soars to £6.5m

Reed Executive, the employment agency group, more than doubled its pre-tax profits from £2.98m to £6.52m in the year to March 31 1987.

The latest results include those of Reed Executive, Reed Employment, together with those of Reed Executive (Holdings). The corresponding figures for 1986 include the results of Reed Executive and Reed Employment but do not include the results of Medicare which was sold last August to Dee Corporation.

Turnover last year rose 48 per cent to £63.61m (£42.96m); operating profit was £6.59m (£3.09m) while interest payable amounted to £78,000 (£113,000).

Taxation took £251m (£1.28m), leaving attributable profits of £4.01m (£1.7m). There was an extraordinary item of £1.45m (nil) relating to the Medicare sale. Earnings per 10p share worked through at 38.2p (16.2p).

The dividend is raised from 4.5p to 6p per share with a proposed final payment of 4p (3p).

**• comment**

Reed has confirmed the buoyant trend in the employment sector signalled by the recent results of Hestair and Blue Arrow by outperforming its March profit forecast. The new emphasis on marketing and advertising—as evidenced by the "freedom" campaign—has given Reed a far higher profile and brought more job seekers through its doors. With the sale of Medicare behind him—and £4m in the bank—chairman Alec Reed has plenty of freedom to continue the upward trend. Another doubling of profits may be stretching things a bit but forecasts of £9m for this year could well prove conservative. With a 38 per cent tax charge that suggests earnings of 54p and a prospective p/e of around 17½—a sizable discount to Blue Arrow. The shares, up 70p at 945p, are therefore an attractive prospect in a booming sector.

# Berry cuts stake in GT Management

BY NIKKI TAIT

Berry Trust, investment trust, has cut its holding in GT Management, the financial service group which manages its portfolio, from 12 per cent to about 2 per cent, by selling 4.62m shares, realising about £12.7m.

The shares went to a number of institutions, not previously holders in GT. Berry does not intend at present to sell its remaining GT shares.

Berry originally had a larger stake in GT but more than halved this when GT went public a year ago. The remaining GT/Berry cross-shareholdings were highlighted when Ensign Trust, an investment trust controlled by the Merchant Navy pension funds, bid for Berry.

A GT-led concert party came to the rescue of Berry, acquiring a 27 per cent stake, and the Ensign bid subsequently failed. Yesterday, GT denied that the disposal was a hang-over from that furore. "The fuse has all gone away," it commented.

The proceeds from what has traditionally been Berry's largest single holding will be reinvested in line with existing policy, say the fund managers. Yesterday Berry shares added 6p to 338p while GT gained 2p to 293p.

## LIG sale

LONDON INTERNATIONAL Group, consumer products and services group, has sold its subsidiary Beechwood Brushes to Kalon Group, paint manufacturer, for around £550,000.

# Thomson T-Line sells to GBS

THOMSON T-LINE has sold J. Baird (Falkirk) to Graham Building Services, a subsidiary of BTR. The consideration, having taken account of prior dividends of £1.1m paid to the company by Baird, is based on the net asset value of Baird at June 19 1987 of approximately £50,000.

GBS has assumed responsibility for the borrowings of Baird amounting to £1.1m.

The disposal reduced borrowings by £1.1m thereby strengthening Thomson's balance sheet.

Thomson yesterday purchased Cygnet Joinery from J. R. Townson for £1.38m funded by a placing of 170,000 Thomson ordinary.

# Christies sells its 35% stake in CCA Galleries

BY NIKKI TAIT

Christies International, the auctioneer, yesterday announced that it had sold its 34.9 per cent holding in CCA Galleries, formerly Christies Contemporary Art and a retailer of prints, paintings, and sculptures, to four separate investors.

The largest holdings in CCA will now belong to Mr Paul Dupee junior, a UK-based American with a background in financial services, and to a record company called Coulder, chaired by Mr E. C. Demetriou. Both will have stakes of 13.7 per cent. Mr Dupee recently acquired a 20.17 per cent holding in the quoted London Investment Trust, where he is now a non-executive director.

Another 5.7 per cent goes to BMB-H Investment Company, whose ownership splits between the Bahrain Middle East Bank and the J. O. Hambro Group. The final 1.8 per cent will be held by Mr Peter Blond, who runs a textile company under the same name.

Christies said it had sold to individual investors, rather than via a general market placing, because it believed USM-traded CCA could continue to benefit from outside advice.

The new investors were selected in consultation with CCA and the three individuals—all of whom have some knowledge of the art world, according to CCA—have been offered non-executive board posts.

Christies refused to disclose the price at which its stake changed hands. However, CCA shares, which were suspended on Monday at 106p, jumped 46p to 152p as trading recommenced.

Christies reduced its holding in CCA from 55 per cent to 35 per cent when the company came to the market at 80p two years ago, via a placing of just over a third of its shares.

The ultimate sale of the holding was envisaged then, said the auction house yesterday, although it agreed to hang on to its stake for two years.

# F. H. Lloyd in takeover talks

F. H. Lloyd, the foundry and engineering group headed by company doctor Lewis Robertson, yesterday disclosed that it was in talks which could lead to it being taken over.

The board indicated that any offer would be at or around the yesterday's opening share price of 105p, valuing the group at about £25m. The shares closed at 116p.

When Lloyd published results for the six months to last September 27, pre-tax profits were up from £802,000 to £827,000. Preliminary figures due to be announced today, however, are expected to show that pre-tax profits have declined sharply from the £2.14m of 1985-86.

One reason for the likely downturn has been the fall in demand nationally for steel foundry products. Of Lloyd's three divisions, foundries was the biggest profit maker in the first half, making £454,000 at the operating level.

The other two divisions — steel, and engineering and services — contributed £281,000 and £135,000.

Analysts were speculating that the potential predator could be interested in the company's property.

Lloyd has recently demolished foundries at Wednesbury, on the junction of the M5 and M6, and the site could be redeveloped.

Another attraction is the steel division's rolling mill which is expected to have a considerable effect on the division's profits in the current year.

# Laidlaw Thomson £2m rights

Laidlaw Thomson Group, architectural ironmonger, yesterday announced a rights issue to raise £2.04m net to repay debt and finance working capital.

The issue, on the basis of two for seven at 140p, is up to 1.52m shares and has been underwritten by County NatWest. Brokers to the issue are County NatWest Securities.

The directors said that the funds would initially be used to reduce group borrowings and, having broadened the equity base, would leave the company in a strong position to take advantage of opportunities to expand the business.

The USM group's management accounts for the five months to the end of May showed an increase in turnover of 18 per cent, compared with last year. The directors view the current year with confidence and expect to recommend total dividends for 1987 of not less than 4.62p (4.2p).

# I B Holdings disposes of Epicure stake

By Steven Butler

Epicure Holdings, construction services and precision engineering group, yesterday reported that I B Holdings (formerly Installatiebou) had disposed of its entire 7.8m share stake (17.3 per cent) in Epicure for £3.14m.

The shares, which were sold at 42p each, were placed by Grenfell and Colegrave and PK English Trust. Epicure shares yesterday closed up 2p at 46½p.

Mr Alex Sitwell, of PK English Trust, said the share placing served to broaden institutional holding in the company, which previously was minimal. Epicure shares staged a strong recovery earlier this year, and the company returned to the dividend list in results announced in late April.

I B Holdings sold its entitlements under a rights issue announced in May.

## McAlpine sale

Alfred McAlpine, the engineering, mining, and property developing group, yesterday announced the £4.2m sale of its motor distribution company to J. Lyons.

The motor distribution operation is to be grafted on to Normand, the motor distribution subsidiary of J. Lyons.

Proceeds from the disposal are to be reinvested in McAlpine's core business areas.

## J. Jarvis

Brookville Securities has issued its offer document relating to its £7.5m bid for J. Jarvis & Sons, the building company. Brookville, which is wholly-owned by Mr Harvey Bard, a London property investor, is offering £7.50 in cash for each ordinary share other than the 29.99 per cent it already owns.

Mr Bard says he intends to continue Jarvis's business but alter the balance towards its own developments, rather than those carried out with third parties.

He also wants to keep the company's listing and accordingly Brookville will retain just 50.1 per cent of the equity, placing the rest at the offer price.

## Fergabrook delay

Fergabrook, the troubled distributor of toys and toiletries, is to delay the publication of its results for 1986 by two weeks to July 14.

The delay has been caused because of the need to finalise a repayment to the group following the disposal of its subsidiary. Tritrabe Fergabrook agreed to sell Tritrade to Decco Stern Osmat, a private company, in January for around £6m.

# Publishing makes two acquisitions

Publishing Holdings, which is listed on the third market, yesterday announced two acquisitions that will take it further down the road towards being a full service media marketing group.

For a total of £250,00, PH has acquired The Creative Service, a creative and design company, and The Media Service, a planning and buying organisation.

Profits of at least £75,000 for each of the next three years have been warranted by the vendors.

Two further acquisitions are in the pipeline said Mr Greg Thain, PH's chairman. The company is funding its acquisitions out of the £600,000 raised through a share placing in June. PH's shares closed up 5p at 79p.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres-ponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Courts (Furnishers) ... | 3.15 | — | 2.95 | 4.9 | 4.7 |
| Equity Consort Invest | 10.04 | — | 8.7 | 14.3 | 12.2 |
| Ferranti .................. | 1.34 | Sept 28 | 1.15 | 1.94 | 1.7 |
| Kleinwt Benn GF 1 div‖ | 29.49 | — | 32.2 | — | 122.8 |
| GF Lovell ............... | 2 | — | 3.5 | 2 | 3.5 |
| Reed Executive ......... | 4 | Oct 12 | 3 | 6 | 4.5 |
| J. Rothschild ........... | 3.5 | Aug 24 | 2.8 | 6 | 5 |
| Throgmorton Tst ...int | 2.75 | Aug 27 | 2.75 | — | 9.6 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Gross throughout.

# UK COMPANY NEWS

## City and Foreign buys collecting agencies

By David Waller

SHARES in City and Foreign Holdings, the former investment trust chaired by the ubiquitous Lord Stevens, rose by more than 10 per cent yesterday after it announced the £5.2m acquisition of two debt-collecting agencies and a document microfilming business.

The purchase of Business Advisory Services (BAS) BAS Northern, and BAS Microfilm represents the company's second major diversification since it relinquished its status as an investment trust last December. In January it bought Language School Holdings for £6m.

"It was our intention to produce a group providing specialised services to the corporate sector," said Mr David Heynes, a C and F director. "Teaching foreign languages to executives, and chasing debts, may appear dissimilar, but they are both low-tech, safe, steady and growing businesses.

BAS operates at the civilised end of the debt-collecting market, serving in particular the newspaper industry and the building products trade. "We will not be employing big men with Alsations kicking money out of real bandits," said Mr Heynes.

The BAS companies had combined pre-tax profits of £610,000 in the year to the end of August 1986, on turnover of £1.87m. Profits for the current year are forecast to be £700,000, before charging £170,000 costs to retiring directors.

The acquisition will be financed by the issue of 2.47 new C and F shares, placed at 210p by Chase Manhattan Securities.

C and F's shares rose 22p yesterday to 255p, giving the company a market capitalisation of £21m.

## Ecobric shares suspended at 75p

Shares in Ecobric Holdings, the USM quoted demolition company rescued by Marler Estates in April, were yesterday suspended at 75p after rising 23p during the morning.

Mr Ronnie Aitken, chairman, said that he had been informed that the shares had been trading "rather wildly presumably in response to market rumours."

He said that the company was in the process of negotiating a significant transaction, details of which would be announced soon.

## BZW Meares

Sydney-based stockbroker Meares and Philips today becomes a wholly owned subsidiary of Barclays de Zoete Wedd. Reflecting this, its name is to change to BZW Meares.

BZW bought 50 per cent of Meares and Philips a year ago.

# Berisford stirs the 'Silver Spoon'

BY CLAY HARRIS

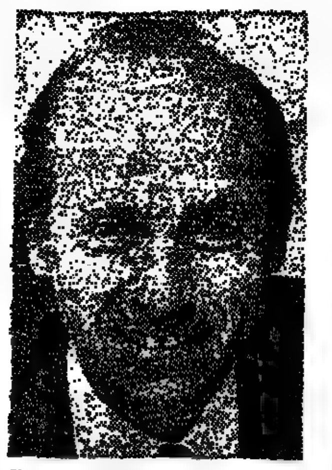
S. & W. Berisford, the sugar refiner and commodity dealer, yesterday unveiled a reorganisation of its sugar, animal feeds and food interests into Bristar Group, a new wholly-owned subsidiary.

Bristar will be headed by Mr Peter Jacobs, managing director of British Sugar, the Berisford subsidiary which accounts for 63 per cent of the UK retail sugar market and holds the monopoly for beet processing. British Sugar will operate as a distinct unit within Bristar.

The new company will establish an agribusiness division to develop by diversification and acquisition. Mr Jacobs predicted that one-third of profits would come from new activities by the mid-1990s.

Bristar expects to spend £100m annually for capital investment and acquisitions, relying entirely on its resources (including borrowing ability) and those of Berisford. It has agreed to buy a US seed company.

It plans at least to double annual research and development expenditure from £2.5m demerger from the rest of the in the current year. New uses



Peter Jacobs, managing director of British Sugar

for straw, as fuel and paper pulp, are at the top of the agenda.

"We're not constrained by the availability of funds, we're constrained by our ability to make it happen," Mr Jacobs said.

He denied that the creation of Bristar presaged an eventual Berisford, which includes commodity trading, financial services, property and an industrial division.

Such a split had been envisaged in the bid for Berisford by Tate and Lyle, the cane sugar refiner which still owns nearly 15 per cent of its rival. Tate's bid and a competing offer by the Italian Ferruzzi group for 70 per cent of British Sugar, were blocked by the Monopolies and Mergers Commission in February.

Mr Jacobs said that the reorganisation, which had been decided in principle late last year, had not been discussed with Tate or Associated British Foods, the food manufacturer which paid £133.2m in May for Ferruzzi's 23.7 per cent stake.

Nearly two months later, ABF has shed no further light on its intentions despite widespread speculation that it would launch a full bid. It had no comment to make yesterday.

Tate, which views its Berisford stake as a bargaining chip in a crusade to win European Community support for higher margins on cane refining, said that the reorganisation had not affected its plans.

"We've tried to come up with a solution for British Sugar and Berisford irrespective of the seemingly endless ownership issues," Mr Jacobs said.

For Berisford, Mr Ephraim Margulies and Mr Henry Lewis chairman and deputy chairman respectively, said they were no longer looking over their shoulders.

Berisford is transferring to Bristar four food and ingredients companies with com- 1985-86 turnover about £70m. They are City Meat Wholesalers, slaughterer and processor; H. E. Daniel, flavours and fragrances maker; Haven Foods, processor and distributor of cereals and dried fruit; and Gelatine Products, accounting for 17 per cent of the UK market for edible gelatine.

The cost basis of the transfer had not been determined, Mr Jacobs said. Bristar will not get Berisford's 20 per cent stake (38.7 per cent on full conversion of preference shares) in Hunter Saphir, the fresh food processor and distributor.

Turning Waste Into Assets, Page 34
See Lex

# Courts 29% ahead at £7.8m

Courts (Furnishers) made good progress in the second six months of 1986-87 and for the full year raised its profits to a record £7.75m pre-tax, an improvement of 29 per cent over the previous year's £6.01m.

The directors said yesterday that trading to date in the current year had been encouraging, although retail sales figures generally had been a little lower than anticipated.

They also warned that costs of the continuing expansion programme were considerable.

Although it was too early to make a forecast for the group as a whole for the current year, prospects for further progress were described as good, provided economic conditions did not worsen.

Turnover for the past year, to March 31, pushed ahead from £90.22m to £96.94m, excluding VAT, and at the trading level profits advanced by £1.57m to £7.51—the Surrey-based group trades as a retailer of household furniture.

Pre-tax profits were struck after deducting deferred profits of £1.63m (£327,000) and adding in profits from property disposals amounting to £1.87m (£393,000). The translation of overseas trading results to sterling adversely affected profits by £374,000.

Tax accounted for £3.1m (£1.9m) and minorities for £361,000 (£301,000).

All the loss-making Australian operations were closed by year-end and the net results of trading during the year and the cost of closure were dealt with below the line as an extraordinary credit of £250,000.

Six of the Australian properties have been sold but the directors intend to lease out the remaining five freehold properties and to utilise future rental income against tax losses brought forward.

Earnings per 25p share emerged at 20.4p (17.1p) and a final dividend of 3.15p lifts the 1986-87 total to 4.9p (4.7p).

An independent professional revaluation of the group's freehold and long leasehold was carried out and the surplus of £16.19m was incorporated into the accounts at March 31 1987.

### ● comment

As a family business based in the home counties and on exotic islands in the Pacific and the Caribbean, Courts enjoys the luxury of depleting its profits by taking gains on credit sales over a two year period. Luckily the stream of property sales plus the elimination of £500,000 of Australian losses were around to join the party and push the pre-tax total to this previously uncharted level. However, a repeat performance looks unlikely: UK retailing generally had a bad April-June quarter; the upfront opening costs of the Mammoth stores (6 more are due this year) will outweigh profits until 1988-89; the rise of credit business will boost the deferred profit take; borrowings are rising; and the disturbances in Fiji must have seriously imperilled any repeat of 1986-87's £¼m contribution. Compensating factors are a continuation of property sales at a somewhat lower level, a full contribution from last year's five new openings and the 1p earnings benefit of the share buy-in. With 73 per cent of the voting stock in family hands along with half the non-voting shares, the free-market is thin — perhaps explaining the 10p rise in the A stock's price to 283p yesterday.

# Board changes at Wordplex and Apricot

By Nikki Tait

MR JEREMY THOMAS, who was to become chief executive of the loss-making office automation group, Wordplex, after a board-approved refinancing scheme, is now to join Apricot, the Birmingham-based computer manufacturer whose bid for Wordplex superceded the refinancing proposals.

Mr Thomas, a former managing director of Racal Milgo Systems, has entered a conditional service agreement with Apricot whereby he will become chief executive of Wordplex and implement the Apricot strategy there. He will also be invited to become a main board Apricot director.

Apricot, whose bid for Wordplex does not close until July 10, said yesterday that it had negotiated separately with Mr Thomas, although Wordplex directors were aware of the development. The Wordplex board, which was initially opposed to the Apricot offer, agreed to recommend the bid last month when the refinancing proposals failed to gain enough shareholder support.

Yesterday, Apricot also said it planned to appoint Mr Roger Foster, its chief executive, Mr Simon Hunt, deputy chief executive, and Mr Ed Sherman, UK managing director, to the Wordplex board.

Mr Foster said that the announcement was "to clear the minds of shareholders" and "an effort to show continuity." The decision over the future of existing Wordplex directors—assuming the bid is successful—would be atken after July 10, he added.

## Coloroll starts year strongly

Coloroll Group, home fashion company, is ahead in both sales and profits of comparable figures last year after adjusting for the effect of acquisitions, Mr John Ashcroft, chairman and chief executive, told the annual meeting. The present year had started strongly following a year in which sales exceeded £100m and pre-tax profits £10m for the first time.

Mr Eric Kilby, previously group finance director, has been appointed deputy chairman and Mr Philip Green has been appointed group managing director and chief executive of Coloroll Ltd, the group's principal operating company.

## COMPANY NEWS IN BRIEF

Thomas Warrington & Sons, public works contractor and general builder, reduced pre-tax losses from £838,000 to £498,000 and increased turnover from £13.95m to £17.84m over 1986.

Mr Graieme Jackson, chairman, said that following the £1.2m acquisition earlier this year of Emery, the Halesowen-based company engaged in property conversion and management, the board was appraising similar opportunities.

No tax was paid (£4,000) and the loss per share was 16.57p (£25.01 loss). Comparisons

RENDEL PALMER AND TRITTON, international consulting engineer and a member of the High-Point Rendel group, has finalised arrangements to take over the chief engineer's department of Warrington and Runcorn Development Corporation and its 100 staff.

The Warrington move represents the fourth takeover of the engineering departments of new town development corporations.

JOHN J LEES (confectionery manufacturer) has acquired Fullers for approximately £700,000 to be satisfied by the issue of new ordinary 10p shares. The net assets of approximately £700,000 to be satisfied by the issue of new ordinary 10p shares. The net assets of approximately £595,000 being acquired exclude Fullers' investment in Golden Casket and its bank borrowing.

SAVAGE GROUP, the international DIY Hardware group, has exchanged contracts for the acquisition of a leading Belgian hinge and pre-packed hardware manufacturer, Roussel & Servais. Savage has acquired 97 per cent of the total share capital, and the balance is to be acquired by means of a public offer to other shareholders.

CHILLINGTON CORPORATION is to issue 175,000 fully paid 9¾ per cent cumulative redeemable preference shares of £1 each to raise £196,000. The shares, which have been placed at 112p per share, will be used towards repayment of a loan.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims:—Microgen, Newman Tonks.
Finals:—Coated Electrodes International, Davy Corporation, Hampton Trust, Marling Industries.

FUTURE DATES

Interims:—

| | |
|---|---|
| Associated British Ports | Sept. 10 |
| Granada | July 7 |
| Hambro Currency Distributor Fund | July 10 |
| Microsystems | July 8 |
| Oakwood | July 3 |
| Speyhawk | July 6 |
| Temple Bar Investment Trust | July 21 |

Finals:—

| | |
|---|---|
| Asprey | July 8 |
| Daejan | July 9 |
| Fergabrook | July 14 |
| First Security | July 8 |
| Hambro Currency Fund | Aug. 6 |
| Northamber | July 8 |
| Robertson Research | †July 3 |
| Thorn EMI | July 9 |

† Amended

# UK COMPANY NEWS

## Kwik Save shareholders tender for 48% of offer

ALMOST half the shares of Kwik Save, the discount food retailer, have been tendered in the £147m partial offer made by Dairy Farm International, the Hong Kong-based food retailing, manufacturing and wholesaling group.

The 450p-a-share offer, which closed on Tuesday, attracted acceptances from holders of 47.7 per cent of Kwik Save's equity, or 72.25m shares. Since Dairy Farm was only aiming to boost its existing 3.47 per cent stake to 25 per cent so offering to buy up to 32.58m shares — applications to sell will be scaled down pro-rata.

Yesterday, Kwik Save shares added 8p to 416p.

In Hong Kong, Mr Owen Price, managing director of Dairy Farm signalled that the company would now like to play an influential role at the UK group. "We would hope that by strong representation on the board, and by exchanging views, we can bring benefits to the group," he said.

And he added, with a hint of irony, "As a 25 per cent shareholder, the board might just be interested in what we have to say."

However, he challenged claims that the Kwik Save board's attitude was hostile—"The board didn't expect an approach and naturally in the first instance it was reserved"—and stressed Dairy Farm's continued conciliatory approach. "Kwik Save has a good management team and a niche in the market, and it would be a big mistake for us to go in and change a pretty successful operation."

Kwik Save itself—which had opposed the tender—made no comment on the outcome, beyond reassuring shareholders and employees that they "had every reason to feel confident about the group's future."

A board meeting has already been scheduled for next week, and Mr William Postletwaite, Kwik Save's managing director, added that the UK company would be seeing its new shareholder "in the near future"—probably after that meeting.

Successful partial tenders have been rare in London. Yesterday advisers said that the pricing of the offer had been "knife-edge" but rejected suggestions that the stake could have been achieved at a significantly lower price. The 450p offered put Kwik Save on a prospective PE of around 22, and compared with a price of 270p in mid-April, before the shares enjoyed a strong run, partly on bid speculation.

The offer's success, suggested advisers yesterday, may have been helped by the flat performance of the stockmarket over the offer period, and by the fall in retail shares generally, following publication of Argyll's results last week and news of its treatment of post-acquisition reorganisation costs.

A number of institutions are believed to have offered part of their holdings in Kwik Save—a stock which is predominately institutionally held. As a belief grew that the tender would be oversubscribed, and therefore scaled down, the level of applications may have increased.

However, applications from some smaller investors may also have been held up in the central London postal dispute, which has disrupted City mail.

## Spectrum cuts loss to £0.3m

SPECTRUM GROUP, Hertfordshire-based distributor of computer equipment, cut its pre-tax losses from £553,000 to £286,000 in the six months to December 31 1986. Turnover was considerably lower at £2.92m compared with £10.46m.

The directors said a completely new range of own-brand business computers under the company's SBC label had recently been launched and they had helped to improve margins and market penetration. The initial reaction to the new SBC had been most favourable.

That had augured well and confirmed the board's decision to concentrate on those products. Other new products were already planned, and expansion in those areas would bring the company's turnround to a satisfactory trading position in the future, they said.

Turnover in the opening half included only the sales for the new business computer division, plus the specialist retail press and the own-label photographic divisions.

Gross margins continued to improve as a result of the own-brand product. The volume of this was severely restricted in the early months of the period, during which temporary financing facilities were arranged by an agreement with a subsidiary of Coutinho Caro.

The pre-tax loss was after selling, distribution, administration costs and interest totalling £848,000 (£2.02m). No tax was again payable. to £122,000 (£199,000).

Losses per 5p share of this USM company were 2.7p (4.8p) before extraordinary items.

## United Scientific acquires Invertron for £4.3m

BY DAVID WALLER

United Scientific Holdings, the defence contractor, took its first step towards developing a "third arm" to complement its existing activities yesterday, when it paid £4.3m to acquire Invertron, a private company supplying military simulation and training systems.

The market took the acquisition as evidence of USH's continuing recovery since it revealed losses of £966,000 in the first half of its last financial year. The shares were marked up 11p to close at 275p, against a 1987 low of 168p.

Founded in 1967, Invertron made pre-tax profits of £365,000 on turnover of £3.3m in 1986. Its net tangible assets were £1.43m at the end of the year, and its order book currently stands at £15m.

This compares with USH's profits of £3.3m on £118m turnover in the year to the end of March.

"Simulation is a growth area of defence expenditure," said Mr David Fraser, USH chief executive. "Invertron creates a platform for the development of a third business in this area, and will complement our existing activities in electro-optics and vehicles."

"It is our long-term goal to derive £100m of turnover from this new area of business. Clearly, this will require further acquisitions."

The acquisition is to be financed by the placing of 1.5m new USH shares at 258p. Further payments of up to £1.48m are tied to Invertron's profit performance over the next three years.

## Burns-Anderson buys rest of UMG

Burns-Anderson, the emerging financial services group, has exchanged contracts to buy the remaining 25 per cent of Universal Medical and General, the personal financial planning consultants formerly owned by two of the parent company's top executives.

Mr Alan Moore, chief executive, and Mr Anthony Holdsworth, director, will receive 1.88m Burns-Anderson shares for the balance of their holdings. These were worth £2.82m based on the 150p share price when the deal was agreed, but the subsequent rise to 230p has lifted the figure above £4.3m.

UMG achieved pre-tax profits of £724,382 in the year to last September, at the end of which it had net assets of £65,436.

## UK COMPANY NEWS

# Elswick in £9m call for growth

BY JANICE WARMAN

Elswick, the cycle and lawnmower manufacturer, yesterday announced the £6m acquisition of Labeltech, an adhesive-label supplier, along with a £9.4m rights issue and a near fourfold increase in pre-tax losses to £697,000.

Mr Bill Cross, the former chairman and chief executive of Brent Chemicals who took over at Elswick at the end of 1984, said the group had returned to profit since the year-end following its reorganisation and capital reconstruction, and anticipated paying a dividend after the next figures.

Last year Elswick sold its loss-making agricultural machinery business, and used a £4.05m rights issue to fund its £2.8m acquisition of Macleans Printed Packaging.

Mr Cross would not break down the loss figure, but said that the company's cycles division had returned to profit during the year to January 31. Since the year end the £950,000 acquisition of the Holdsworthy Cycles business had reinforced its position as number two in the UK cycles market behind Raleigh.

Labeltech, a supplier of self-adhesive multicolour printed labels, produced pre-tax profits of £738,000 for the year to end-December 1986 on sales up 30 per cent at £4.04m and has a net asset value of £1.19m.

Elswick would use the balance of its rights issue proceeds to fund acquisitions mainly in manufacturing and marketing products for end-use in industrial and consumer markets, Mr Cross said. It would concentrate on specialised market niches, specifically the development of the group's new core business area of packaging.

It planned to spend more on research and development, and on penetration of the US cycle market, where the market stands at about 12m units per year.

The packaging division had performed satisfactorily, said Mr Cross. Ryehill Farmservice, which had enlarged its business and maintained profitability despite unfavourable market conditions, was not part of the group's long-term business.

The professional grass-cutting division incurred a year-end loss in the UK due to the steep decline in demand for agricultural machinery but the US operation again saw increases in sales and profits.

Turnover for the year to January 31 was static at £27.9m (£27.99m), of which £9.08m (£13.06m) related to businesses which have been sold.

Operating profits of £104,000 (£672,000) were depressed by product and marketing development which were substantially higher at £500,000.

Interest payments fell from £858,000 to £801,000. Tax fell from £43,000 to £33,000. Extraordinary charges of £1.13m (£265,000) resulted from disposal, reconstruction and closure costs. Picador Engineering, the last of the group's loss-making businesses, was sold in February.

Loss per share rose from 0.57p to 1.51p.

Elswick operates from 15,000 sq ft of freehold premises on a one-acre site at Witham, Essex. Elswick is to pay £5.7m in loan notes and the balance in 1.03m consideration shares, conditional on shareholders' approval.

## ICI rubber chemical sale

Imperial Chemical Industries yesterday announced the sale of its rubber chemicals business, Vulnax International, to Akzo Chemie, the Dutch chemical company, for an undisclosed amount.

Vulnax, a small company which is owned jointly with Rhone-Poulenc, the state-owned French group, sells a range of accelerators, additives and agents said to be complimentary to Akzo's product range for the rubber industry.

## Yearlings

Yearling bonds totalling £0.25m at 9⅞ per cent, redeemable on July 16 1988, have been issued by West Lancashire District Council.

## Good start for Sainsbury with sales up on bugdet

SIR John Sainsbury, chairman of J Sainsbury, retail food distributor, told shareholders at the annual meeting yesterday that the year had started well and sales were running well ahead of budget. The directors were confident that it would be another record year.

Altogether the company's plans would result in the creation of more than 17,500 jobs in the next three years, he said.

At its US associated company, Shaw's Supermarkets, the company intended to pursue a policy of ambitious expension that had been the pattern of their growth in recent year. By the end of this year, he added, the company would have about 170 supermarkets on scanning accounting for over 70 per cent of its trade.

The directors intended to raise their target from 15 to 20 new stores a year, he said.

## Yelverton Inv.

Yelverton Investments, USM-quoted investment company, boosted pre-tax profits from £6,381 to £222,696 in the six months to April 30, 1987. Group income rose from £186,337 to £419,783.

Net asset value was 42.5p (38.4p) and earnings rose from 0.08p to 1.24p.

Administration expenses accounted for £174,405

## John Williams up 82% midway

Pre-tax profits of John Williams of Cardiff, iron manufacturer and steel stockholder, rosef rom £102,100 to £185,700 in the six months to March 31, a rise of 82 per cent. Turnover declined slightly from £5.71m to £5.65m.

The directors decided to dispose of its subsidiary's galvanising buildings and plant which have been sold to Cardiff Galvansiers (1969) and the steel stockholding business (excluding the warehouse) to the Austin Trumanns steel group.

There was again no tax, and after minorities and an extraordinary debit last time, earnings per share were 2.67p (1.31p).



CONTRACTS

## £17m distribution order for Alpine

Newly-formed frozen food distributor ALPINE has signed its first major contract with Gateway Foodmarkets in a deal worth £17m over the next two and a half years. Centralised delivery of some 600 frozen food lines to 1,000 Gateway outlets will be undertaken throughout England and Wales. Alpine is projected to handle at least 9m cases a year under the arrangement, from three locations at Dronfield near Sheffield, Yate near Bristol, and Elstree, Hertfordshire. Each depot has at least 500,000 cu ft of cold store dedicated to Gateway. The contract is expected to create a total of 180 new jobs at these sites for cold-store operatives, drivers and administrators. The rationalisation will unite the previously separate frozen distribution systems of Gateway and Dee Corporation's recently acquired Fine Far outlets. Alpine was formed in January from two acquisitions by the employee-owned National Freight Consortium.

★

GEC ELECTRICAL PROJECTS, a systems engineering and project management group, has won a contract for the supply of high-technology control systems to the US. The $16.5m (£10.2m) order to automate the hot strip mill of LTV Steel at Cleveland, Ohio, follows GEC Electrical Projects' recent success with similar systems at the GSC Port Talbot and Llanwern Hot Strip Mills and for BHP Steel of Australia. The control systems will be manufactured by GEC and installed by GEC's US partner, Rexnord Automation Inc. Rexnord will co-ordinate the US supply and local services portion of the contract and GEC Electrical Projects will act as principal sub-contratcor supplying GEC's high performance 4000 series computers and world ranking GEM80 programmable controllers.

★

Swindon-based SQUARE D has won a £233,000 order to supply electrical equipment for an office development in the City of London. The low voltage electrical distribution equipment is wanted for the Beaufort House Development now being built near Petticoat Lane.

## APPOINTMENTS

# Reorganisation at Sun Life Group

THE SUN LIFE GROUP has reorganised its sales and marketing operations. Mr Frank Berry, general manager (marketing and sales), has taken over responsibility for all of the group's sales activities with the title of general manager (group sales). Responsibility for group marketing has moved to Mr Clive Williams, general manager (business development), whilst Mr John Riley, corporate planning manager, has been promoted to succeed Mr Peter Pummell as assistant general manager (group marketing). Mr Pummell retires on November 1.

★

At HENDERSON CROSTHWAITE Mr Gerald Cheyne has been appointed a director. The following directors have been appointed to the company's executive committee: Mr Barry Cowper, Mr Patrick Crosthwaite and Mr Malcolm Rooker.

★

GROUPE BULL, the Paris-based international information technology group, has appointed Mr Brian Long, chairman and chief executive of Honeywell Bull Ltd, to the board of Bull S.A., the parent company.

★

VINTEN GROUP has appointed Mr R. A. Lawson a non-executive director.

★

Mr Gerald Knox has been appointed chairman of stockbroker BREWIN DOLPHIN & CO and Mr John Hall has become managing director. Mr Richard Andrew and Mr William Main, executive chairman and director respectively, of The Private Capital Group have also joined the board. The appointments follow the completion of the purchase of Brewin Dolphin & Co by The Private Capital Group, the personal financial management specialist within the Scandinavian Bank Group.

★

Mr Cameron M. Clark and Mr David J. Evans have been appointed partners of NEVILLE RUSSELL from July 1. Mr Clark has been a senior manager in the London office since 1984. Mr Evans will become a partner in the Luton office, having been a senior manager in London since 1982.

★

Mr John W. T. Hunt has been appointed head of treasury, vice president and deputy general manager of THE RIGGS NATIONAL BANK OF WASHINGTON, D.C., London branch. Mr Geoff G. Swain has been appointed vice president and chief dealer of Riggs, London branch.

★

At the SAAB-SCANIA GROUP Mr Christer Skogsborg, managing director of Saab Great Britain since March, 1984, has been appointed chief executive of the Saab aircraft division from September 1. Mr Sten Wennlo, senior vice president of Saab-Scania AB, will take over as chairman of the British subsidiary, following Mr A. E. Wernly's retirement from the board. Mr Allan Smith, director of after sales in the UK since 1979, will succeed Mr Skogsborg as managing director, and Mr Bryan Hatter, director of car sales and marketing since November 1983, has been appointed deputy managing director.

★

At GUINNESS MAHON Mr Patrick Moorsom has joined as director in charge of banking. He will be a member of the bank's executive committee. Mr Moorsom was formerly managing director of Cayzer and president of Banque de Rive S.A. Mr Nicholas Plummer is joining as a director in the banking department. He has been at Banque Paribas since 1983 where he specialised in syndications.

★

ERNST & WHINNEY has appointed six partners: At the London office Mr John Fairley becomes a partner in the international business services group, providing advice on international tax-related issues; Mr Glenn Leitch becomes a partner specialising in personal tax and financial planning; Mr David Thomas becomes an audit partner, servicing clients in manufacturing, banking and energy sectors; and Mr Andrew Macfarlane becomes a partner in the corporate finance department, where he specialises in advising on fund-raising activities and management buyouts. Mr Bruce Morton becomes an audit partner in the firm's Birmingham office, where he will be involved in the development of Ernst & Whinney's micro advisory services in the West Midlands; and Mr John Rendell joins the Thames Valley office in Reading as a partner handling management buy-outs, fund-raising and acquisitions, as well as audit assignments.

★

Mr Philip Wilkinson has become a deputy chairman of NATIONAL WESTMINSTER BANK, having retired as group chief executive of the bank. A main board director since 1979, he was appointed group chief executive in 1983 and is succeeded by Mr Tom Frost.

★

Mr Roger Luscombe has been appointed a vice-president at MORGAN STANLEY INTERNATIONAL. Previously with Schroders on the corporate finance side, he will now be responsible for UK corporate marketing.

# COMMODITIES AND AGRICULTURE

## Few winners in EC compromise

BY TIM DICKSON

BY COMMUNITY standards, it all ended remarkably swiftly. Once the EC Summit had cleared away the two major hurdles late on Tuesday evening, Agriculture Ministers needed just six hours, including time out for naps, to sew up a much delayed farm prices package for the current year.

Given the deadlock which prevailed just 48 hours earlier, there is no denying their achievement or the important intermediary role played by EC Summit leaders in breaking the impasse over the oils and fats tax and agri-monetary reform. Moreover, as the Commission President Mr Jacques Delors pointed out afterwards, the key deal on "green" currencies worked out by Paris and Bonn on Monday and Tuesday should contribute to halting the "dangerous drift" in Franco/German relations caused by this issue and which has been potentially destabilising for the rest of the member states.

The fact is, though, that an agreement which by its nature was ultimaely designed to please everybody will probably end up pleasing very few.

Certainly the European Commission, which envisaged savings of Ecu 1.1bn and Ecu 4bn for 1987 and 1988 respectively when it published its original proposals must be bitterly disappointed that the final package (based on its own calculations yesterday) will now save just Ecu 230m this year and Ecu 400m next.

Experts in Brussels yesterday were saying that the measures being taken in the cereals sector, although restrictive in part, will not be tough enough to head off the imminent European Community grain glut (a surplus of more than 100m tonnes by the early 1990s) and that the blatant fudge of any real reform of the complex system of monetary compensatory amounts (MCAs) could well be storing up unexpected budgetary problems over the next 12 months.

With their incomes broadly declining this year, at least in real terms, European farmers are unlikely to find much joy in the new package either. Pressures for nationally-funded income supports, notably from West Germany, and the whole debate about the dangers of re-nationalising the CAP, are consequently not going to go away over the next 12 months.

In the meantime, however, thoughts in Brussels yesterday were directed to digesting the details of the final farm prices package. The ill fated oils and fats proposal and MCAs apart, this is broadly in line with the last Commission compromise put to Farm Ministers at their unsuccessful meeting in Luxembourg last month with the exception of some small but significant changes.

Ministers finally agreed the plan to alter the intervention system for cereals so that it will only be activated when the average Community market price falls below the intervention price. In this case the price offered will only be 94 per cent of the intervention price, as opposed to an earlier proposal of 93 per cent, implying an effective 6 per cent cut in present prices.

In an effort to appease the West Germans, whose Farm Minister Mr Ignaz Kiechle threatened in Luxembourg to veto this part of the package, the Commission also agreed to increase the maximum moisture content rate for buying in, a move which is also likely to please Ireland and the UK.

There will be seven monthly increases for the intervention price from November until May while the green currency devaluations agreed for the likes of Ireland, France and the UK will further limit the impact of price restraint in national currencies.

The possibilities for suspending intervention—which has recently been applied to butter after a similar change in that regime—admittedly represents a new uncertainty for farmers. But the terms of the final settlement would seem to be considerably less severe than the Commission's original proposals for substantial nominal price cuts and the limiting of buying-in to just five months of the year.

The key decision to shelve the oils and fats tax—it remains on the table and "will be the subject of an additional study and of consultations with the Community's main trading partners"—also forced the Commission to modify its earlier ideas for sharp price cuts in the oilseeds regime. The rapeseed price will now be just 3 per cent less than before (as against 6 per cent in the last Commission compromise) and sunflower seed prices will be frozen (rather than being cut by 3 per cent). These changes were essential to buy support from the package from those countries (notably France and Mediterranean states such as Greece and Italy) which had consistently supported the oils and fats proposal.

The most significant watering down, however, was achieved by France and West Germany on the future of the MCA system (MCAs are taxes and subsidies on European farm trade designed to even out the effect of currency fluctuations).

The complex deal—which was grudgingly accepted by the Commission—allows for the gradual dismantling in two stages of the existing German positive MCAs (subsidies on German exports, taxes on other countries' imports) to be compensated in part by a German national aid up to the end of 1988.

The new package, which is likely to be formally adopted by the meeting of EC Budget Ministers in Brussels today, will come into effect next Monday.

## British farmers 'face 15% income cuts'

BY BRIDGET BLOOM

MR SIMON GOURLAY, president of Britain's National Farmers' Union, predicted yesterday that the EC Council of Ministers' decision on farm prices for 1987-88 could reduce British farmers' incomes by as much as 15 per cent—yet would do little to curb the Community's huge farm surpluses.

Mr Gourlay said the measures would extend to the arable sector the severe price reductions already applied last December in the milk and beef sectors. The "totally inadequate" green pound devaluation agreed in Brussels meant that UK farmers would face another year at a substantial competitive disadvantage to other EC producers, he said.

The NFU president's view contrasts sharply with that of Mr John Macgregor, the Minister of Agriculture, who told Parliament yesterday that this week's settlement was relatively favourable for UK farmers, whose competitive position should be improved.

NFU officials claimed yesterday, however, that Mr Macgregor had failed to take into account either the effect of this week's measures, which largely affect the cereals sector, or last December's cuts in milk and beef production. The impact of these measures overall, assuming normal yields for this year's harvest and continuing low inflation, will be to reduce incomes by at least 15 per cent in 1987, the NFU believes.

The actual prices farmers will receive following this week's settlement are uncertain, partly because for cereals they will be dependent on the size of the coming harvest in Britain and elsewhere. However, the green pound devaluation will mitigate the price cuts agreed in Brussels, with the intervention price for most cereals being cut by 6 per cent rather than 10 per cent. Milk producers eventually are likely to receive some 2 per cent more, the NFU says. Pig and poultry producers in particular are expected to benefit from cheaper cereal feeds.

Mr Gourlay yesterday welcomed the Council's decision to study schemes to curb cereal production by removing or "setting aside" land from cereal cultivation. "A set aside scheme is an essential first step towards bringing supply into better balance with demand without devastating the farming industry," he said.

The NFU president also welcomed the decision, "in response to NFU pressure," to allow the leasing of milk quotas.

Mr Gourlay again urged the UK to join the European Monetary System, since its absence would prejudice farmers' interests in the long term.

## Preussag calls for lead/zinc rationalisation

PREUSSAG AG, the West German metals group, plans drastic measures to cut losses in its troubled zinc and lead divisions, Mr Guenther Sassmannshausen, the managing board chairman told the annual shareholders' meeting, reports Reuters from Hanover.

He said the company's poor performance so far this year has forced Preussag to take further far-reaching rationalisation measures. The company suffered losses of over DM 100m (£34m) last year in its important base metals sector.

Details of new measures to restore company profits will be worked out after the publication in September of a study on reducing European zinc and lead production capacity. Preussag, Belgium's Union Miniere, France's Penarroya and Sweden's Boliden are considering moves to reduce European zinc and lead smelting capacity.

Mr Sassmannshausen said by the 1990's only four or five zinc smelters in the Western world would be able to make a profit and it was therefore necessary to reduce capacity.

He said such a reduction was "desirable and technically possible . . . if it is not possible to reach such an agreement, then Preussag will have to take decisions on its own."

He added: ". . . it is not possible to guarantee the continuation of all (Preussag's) plants."

## Turning waste into assets

BY DAVID BLACKWELL

BRITISH SUGAR has patented a machine which could herald the end of the blight of autumn straw burning on UK farms.

The machine, to be towed behind a tractor, makes heavily compresed, combustible straw "wafers" at the rate of 10 tonnes an hour. The wafers, which have about half the calorific value of industrial coal and are about the size of a large box of matches, have been tested successfully in the group's sugar refineries.

Mr Bob Bass, the engineering director, hopes the group will be able to go ahead with the prototypes next year if all tests on the design are successful this year.

The company is also near the end of a feasibility study into making paper pulp from straw and will be making a decision in the autumn on whether to go ahead with a new plant costing between £60m and £80m.

Mr Bass said the group was in the right place to take advantage of an abundant raw material, and the water based extraction technology was similar to that of sugar-beet refining.

Both projects are part of wide-ranging diversification plans announced by Mr Peter Jacobs, managing director of the company, yesterday.

According to a director of S. & W. Berisford, the parent company, Mr Jacobs has in his first year "taken the lid off the company." Faced with static demand for sugar and the constraints of the EC sugar regime, he is taking the company into new areas—particularly agribusiness—as the only way to broaden the base of the business and to go for growth.

Mr Peter Jacobs . . . "has taken the lid off the company"

The company is being reshaped as the Bristar group, consisting of three divisions—British Sugar, a food and ingredients sector, and agribusiness. Annual spending on agricultural research is being increased to at least twice the current £2.5m in the next couple of years.

Mr Peter Dyke, the agriculture director, said that research was going on not only into established crops such as oilseed rape, peas and beans, but also into alternative crops like lupins, linseed and sunflowers.

A fresh approach is being taken to the "waste" from the sugar beet refining process, which is now being looked at as an asset. Research into extracting fine chemicals from the beet was under way.

The low volume, but high added value, markets for pectins, amino acids and enzymes had "considerable potential," said Mr Dyke.

The development of what is known as "left-handed" sugar from beet was also a possibility, he said. This natural product would have all the properties of sugar but would be non-fattening as it would not be absorbed into the body.

Biodegradable plastic, which takes about six years to break down, can already be produced from sugar, although it costs about five times as much as oil-based plastic. Again, British Sugar believes there is a strong potential market, particularly in the packaging sector.

Acquisitions and joint ventures will also play a part in the expansion plans. The group has acquired a US-based seed company, and is forming links both with universities and with other companies for biotechnology and genetic engineering research.

## Chicago's reviving gold prospects

BY DAVID OWEN IN CHICAGO

THE CHICAGO Mercantile Exchange, the world's second biggest futures market, is back in the gold business.

Its old gold futures contract, which had once vied for market supremecy with the New York's Comex contract, was finally laid to rest about two years ago, having been moribund for some time. But on June 16 it came back to life, albeit in a much-modified form.

Although the revived contract is far from ideal—it starts trading at 7.20 in the morning and, for the moment, it has London as its sole delivery point—it got off to a flying start. Some 10,400 lots were traded in the opening day's truncated session (compared with 38,000 on Comex) and well over 14,000 lots changed hands the next day.

"I was looking for volume of 10,000 lots per day by the end of the year," says Mr Leo Melamed, the Exchange special counsel.

The Merc is rightly renowned for its prowess in getting products decisively off the launch pad, and there is no guarantee that the contract will be trading 10,000 lots a day in a month's time. Nevertheless, the sheer weight of initial volume has taken many by surprise.

Why has a product for which there was evidently no demand in Chicago in 1985 been accorded such a warm welcome on its comeback two years later?

There are at least four possible reasons.

- Comex's well-publicised problems with its settlement system in May have, to a degree, affected market confidence in the New York exchange—particularly as the latest debacle occurred so soon after the Volume Investors affair of 1985, in which a clearing member of the exchange collapsed in the wake of default by three gold options traders.
- The fact that Comex's problems were prompted by a surge of precious metals business passing through the exchange in itself suggested that market conditions were ripe for a relaunch. Growing fears of a resurgence of US inflation have also encouraged this view.
- The Merc still has what Mr Melamed describes as "a very vocal pro-gold community" on the floor — a legacy of the defunct contract.
- The exchange also boasts an exceptionally wide range of financial instruments contracts, particularly currencies and interest rate derivatives, which might be used by traders in strategies involving gold. "Gold to many is an interest rate market — as is silver," Mr Melamed explains.

The Merc is already touting the last of these factors as a competitive advantage over its arch-rival, the Chicago Board of Trade, which in May announced plans to launch gold and silver futures identical to those traded on Comex.

While overall volume at the CBOT continues comfortably to outstrip that of its brash cross-town rival the Merc has a more diversified contract mix. The CBOT does effectively possess, however, mini-gold and silver contracts (as well as a five-strong currency contract) at its struggling affiliate, the Mid-America Commodity Exchange.

The Merc is underscoring its commitment to precious metals by laying plans for a complex of contracts. In addition to gold futures, the exchange is seeking regulatory approval for silver futures and two gold options (both cash-settled and futures-options contracts).

According to Mr Melamed, the Merc "is not depending on Comex having further problems." It decided to press ahead with the precious metals project based on the judgment that the floor community commitment is "strong enough to be a continuing commitment," he maintains. But the whole operation still smacks of opportunism.

Alternative contracts are unlikely in themselves to generate much additional precious metals futures and options business—although demand for gold and silver futures may well increase if current market conditions persist.

## LONDON MARKETS

AFTER appearing to lose momentum at the beginning of this week copper's bull trend on the London Metal Exchange reaffirmed itself yesterday. Concern over tight supplies encouraged renewed "borrowing" (buying cash and selling forward) which helped to lift the cash price above the £1,000 a tonne mark for the first time in 15 months. Cash Grade A copper closed at £1,008.50 a tonne, up £17 on the day, while the three months position was £12.50 up at £996 a tonne. Dealers said the rise was again led by the US market where large premiums are reported to have been paid for good quality metal, against a background of low stocks. In the afternoon London copper gained extra strength from sterlings retreat from earlier gains. By way of contrast the LME's new dollar-denominated silver contract got of to a far from lively start yesterday. Although now fireworks had been expected the inaugural session must have come as something of a disappointment. No trades at all were recorded in the ring and dealers reported no signs of off-ring trading.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| 99.7% purity | Unofficial (close p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | [illegible] | | |
| 3 months | 1575-85 | +15 | 1580 |

Official closing (am): Cash [illegible]. Final Kerb close: unquoted. Ring Turnover: 250 tonnes. ALUMINIUM—99.5 per cent

| 99.5% purity | £ per tonne | | |
|---|---|---|---|
| [illegible] | | | |

Official closing (am): [illegible]. Final Kerb close: [illegible].

### COPPER

| Grade A | Unofficial + or close — £ per tonne | | High/Low |
|---|---|---|---|
| Cash | 1008-9 | +17 | 1007/1004 |
| 3 months | 995.5-6.5 | +14.5 | 1006/981 |

Official closing (am): Cash 1,003.5-4.5 [illegible]. Final Kerb close: 1,006-8.

| Standard | | | |
|---|---|---|---|
| Cash | 1004-6 | +16.5 | — |
| 3 months | 984-6 | +16.5 | — |

Official closing (am): Cash 997-1,002 (985-9), three months 980-4 (964-4.5), settlement 1,002 (988). US Producer prices: 74-78.5 cents a pound. Total Ring Turnover: 22,600 tonnes.

### LEAD

| | Unofficial + or close (p.m.) — £ per tonne | | High/Low |
|---|---|---|---|
| Cash | 402-3 | +15.25 | 401 |
| 3 months | 384-4.5 | +10 | 385.5/374 |

Official closing (am): Cash 400-1 (382-3), three months 380-1 (378-8.5), settlement 401 (383). Final Kerb close: 385-6. Ring Turnover: 9,900 tonnes. US Spot: 37-38 cents a pound.

### NICKEL

| | Unofficial + or close (p.m.) — £per tonne | | High/Low |
|---|---|---|---|
| Cash | 2750-5 | -15 | |
| 3 months | 2770-5 | -15 | 2765/2755 |

Official closing (am): Cash 2,725-35 (2,739-4[illegible]), three months 2,775-80 (2,780-5[illegible]), settlement 2,735 (2,740). Final Kerb close: unquoted. Ring Turnover: 1,266 tonnes.

### ZINC

| High grade | Unofficial + or close (p.m.) — £ per tonne | | High/Low |
|---|---|---|---|
| Cash | 517-20 | -8 | — |
| 3 months | 502-3 | -5.75 | 509/50 |

Official closing (am): Cash 525-6 (527.5-8[illegible]), three months 507-8 (507-8), settlement 526 (528). Final Kerb close: 498-500. Ring Turnover: 9,075 tonnes. US Prime Western: 47.5-48.5 cents a pound.

### LONDON METAL EXCHANGE TRADED OPTIONS

| | Strike Price | Calls | Puts |
|---|---|---|---|
| | $/tonne | Nov. | Nov. |
| Aluminium 99.7% | [illegible] | | |

| | | July | Sept. | July | Sept. |
|---|---|---|---|---|---|
| Aluminium 99.7% | 1,450 | [illegible] | | | |
| | 1,575 | [illegible] | | | |
| | 1,600 | [illegible] | | | |
| Copper (Grade A) | 1,575 | [illegible] | | | |
| | 1,600 | [illegible] | | | |
| | 1,625 | [illegible] | | | |
| Copper (Grade A) | 975 | [illegible] | | | |
| | 1,000 | [illegible] | | | |
| | 1,025 | [illegible] | | | |

Estimates.

### TIN

KUALA LUMPUR TIN MARKET—Close: 16.49 (16.45) ringgit per kg. Up 0.04.

### GOLD

GOLD BULLION (fine ounce) July 1

| | | |
|---|---|---|
| Close | $449½-449¾ | [illegible] |
| Opening | [illegible] | |
| M'n'g fix | [illegible] | |
| Aft'n'n fix | [illegible] | |
| Day's high | [illegible] | |
| Day's low | [illegible] | |

GOLD AND PLATINUM COINS

| | | |
|---|---|---|
| Am Eagle | [illegible] | |
| Maple leaf | [illegible] | |
| Kr'g'r'nd | [illegible] | |
| ½ Krug | [illegible] | |
| ¼ Krug | [illegible] | |
| Angel | [illegible] | |
| 1/10 Angel | [illegible] | |
| New Sov. | [illegible] | |
| Old Sov. | [illegible] | |
| Noble Plat | [illegible] | |

### INDICES

#### REUTERS

| June 30 | June 29 | M'th ago | Year ago |
|---|---|---|---|
| 1629.1 | 1631.4 | 1617.9 | 1462.7 |

(Base: September 18 1931=100)

#### DOW JONES

| Dow Jones | June 29 | June 26 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 126.69 | 126.64 | — | 126.21 |
| Fut | 124.45 | 124.94 | — | 118.33 |

(Base: December 31 1974=100)

### MAIN PRICE CHANGES

| | July 1 1987 | + or — | Month ago |
|---|---|---|---|
| METALS | | | |
| Aluminium | | | |
| Free Market | $1555/565 | +20 | $1545/565 |
| Copper | | | |
| Cash Grade A | £1008.5 | +17 | £929 |
| 3 months | £996.0 | +14.5 | £906.5 |
| Gold troy oz | $449.25 | +2.50 | $454.25 |
| Lead Cash | £402.5 | +15.25 | £416 |
| 3 months | £384.25 | +10 | £378.5 |
| Nickel | | | |
| Free Mkt. | 201/221c | | 195/215c |
| Palladium oz | $139.00 | +0.75 | $143.25 |
| Platinum oz | $555.00 | +5.50 | $577.50 |
| Quicksilver† | $248/255 | | $258/270 |
| Silver troy oz. | 449.90p | +5.40 | 461.75p |
| 3 months | 460.35p | +5.70 | 471.70p |
| Tin | | | |
| free Mkt. | £4120/150 | | £4170/190 |
| Tungsten | $58.16 | | $51.47 |
| Wolfram 22.04lb | $48/55 | | $48/55 |
| Zinc | £518.5 | -9 | £523.5 |
| 3 months | £502.5 | -5.75 | £518.5 |
| producers | $850 | | $830/848 |
| OILS | | | |
| Coconut (Phil) | $500x | -10 | $435 |
| Palm Malayan | $335v | | $330 |
| Seeds | | | |
| Copra (Phil) | $320y | +25 | $270 |
| Soyabean (U.S.) | $154.5 | -3 | $152.5 |
| GRAINS | | | |
| Barley Fut. Sept | £95.75 | +0.10 | £97.95 |
| Maize | ‡ | | £150.50 |
| Wheat Fut. Nov. | £101.00 | -0.10 | £100.45 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| OTHERS | | | |
| Cocoa Ft. Sept | £1309.0 | -24.5 | £1358.5 |
| Coffee Ft. Sept | £1267.5 | -3.5 | £1339 |
| Cotton A Ind.* | 80.70c | | 79.00c |
| Gas Oil Aug. | $159.50 | -1.625 | $154.25 |
| Rubber (kilo) | 70.00p | +3.25 | 64.00p |
| Sugar (raw) | $171.0 | | $165.4 |
| Wooltops 64s | 475p kilo | | 469p kilo |

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v July. z Sept/Oct. x July/Aug. y Aug.

### SILVER

Silver was fixed 5.4p an ounce higher for spot delivery in the London bullion market yesterday at 449.9p. US cent equivalents of the fixing levels were 730.0c, up 15.5c; three-month 743.35c, up 16.4c; six-month 756.55c, up 16.25c; and 12-month 784.1c, up 16.85c. The metal opened at 451½-453½p (732-735c) and closed at 448-450p (724-727c).

| SILVER per troy oz | Bullion Fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 449.90p | +5.40 | 728.5c | — |
| 3 months | 460.35p | +5.70 | 442.0c | — |
| 6 months | 470.30p | +5.55 | — | — |
| 12 months | 490.30p | +5.75 | — | — |

LME—Turnover: 4 (same) lots of 10,000 ounces. Large Cash 488.0c. Final Karb close: 741-743c.

### COFFEE

London Robusta remained confined to its recent range, opening some £10.00 lower, the market traded in quiet conditions in the morning session, reports Drexel, Burnham, Lambert. July/September switch remained weak, trading out to £40.00 discount. Outright levels eased in the afternoon with a weak New York opening finding support with price fixing and trade buying. A late short covering rally steadied the market to close at the highs.

| COFFEE | Yesterday's close | + or — | Business done |
|---|---|---|---|
| July | 1230-1235 | — | 1250-1211 |
| Sept. | 1267-1268 | -3.5 | 1267-1250 |
| Nov. | 1285-1290 | -6.0 | 1293-1276 |
| Jan | 1301-1310 | -8.5 | 1309-1298 |
| Mar. | 1320-1330 | -12.6 | 1333-1325 |
| May | 1340-1350 | -14.0 | 1354-1346 |
| July | 1360-1380 | -10.0 | — |

Sales: 3,348 (5,558) lots of 5 tonnes. ICO indicator prices (US cents per pound) for July 1: Comp. daily 1979 97.94 (97.88); 15-day average 99.76 (100.22).

### COCOA

Futures traded £20.00-25.00, closing near the day's low. Commission house selling, coupled with hedge selling were the main causes for the decline. Origin activity was evident while manufacturer interest at the lower levels appeared, reports Gill and Duffus.

| | Yesterday's close £ per tonne | + or — | Business done |
|---|---|---|---|
| July | 1333-1338 | -25.0 | 1349-1330 |
| Sept. | 1308-1310 | -24.5 | 1327-1305 |
| Dec. | 1333-1334 | -26.0 | 1350-1330 |
| March | 1349-1350 | -25.5 | 1378-1348 |
| May | 1365-1367 | -25.5 | 1387-1372 |
| July | 1378-1380 | -29.5 | 1401-1380 |
| Sept. | 1394-1397 | -28.0 | 1418-1397 |

Sales: 3,204 (2,943) lots of 10 tonnes.

### GRAINS

[illegible]

| WHEAT Mnth | Yest'rdy's close | + or — | BARLEY Yest'rdy's close | + or — |
|---|---|---|---|---|
| July | [illegible] | | [illegible] | |
| Sept. | [illegible] | | [illegible] | |
| Nov. | [illegible] | | [illegible] | |
| Jan. | [illegible] | | [illegible] | |
| Mar. | [illegible] | | [illegible] | |
| May | [illegible] | | [illegible] | |

[illegible]

### RUBBER

PHYSICALS — [illegible]

## US MARKETS

CRUDE oil remained strong on trade and local buying which touched off stops, reports Drexel Burnham Lambert. However, the market ran into resistance at the highs where profit taking was noted. The precious metals steadied as commission house buying touched off stops and forced locals to cover shorts. Copper recovered on good trade buying to close higher on the day. Cocoa fell on reports of origin sales and as a result of dollar strength versus sterling equal to short-covering pared losses. Coffee futures were quiet, and mixed following an early sell-off and short-covering rally. Cotton fell on commission house selling, but the decline was held by scale-down trade buying.

The grains and soyabean complex were easier (with the exception of wheat), but quiet with professional selling in the face of commercial buying. The hogs and pork bellies reacted with upward moves following publication of neutral crop reports, while cattle eased slightly following what was construed as a neutral cattle census report.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 70.00 | 69.25 | 70.00 | 70.00 |
| Aug | 70.00 | 69.40 | — | — |
| Sept | 69.75 | 69.25 | — | — |
| Dec | 68.75 | 68.45 | 68.50 | 68.50 |
| Jan | 68.75 | 68.45 | — | — |
| Feb | — | — | — | — |
| March | 68.75 | 68.45 | — | — |
| April | — | — | — | — |
| May | 68.75 | 68.45 | — | — |
| July | 68.75 | 68.45 | — | — |

COCOA 10 tonnes, $/tonnes

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

COFFEE "C" 37,500 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

COPPER 25,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

COTTON 50,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

HEATING OIL 42,000 US gallons, cents/US gallons

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

GOLD 100 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 446.9 | 449.4 | 446.8 | 445.5 |
| August | 449.8 | 452.2 | 453.5 | 447.8 |
| Sept | 452.0 | 454.8 | — | — |
| Oct | 454.7 | 457.6 | 459.0 | 453.3 |
| Dec | 460.5 | 462.9 | 464.1 | 458.5 |
| Feb | 465.6 | 468.5 | 469.6 | 464.0 |
| April | 471.1 | 474.0 | 476.0 | 469.5 |
| May | — | — | — | — |
| June | — | 447.2 | — | — |
| August | 484.5 | 485.7 | 484.5 | 484.5 |
| Sept | 481.5 | — | 481.5 | 475.0 |
| Oct | 487.5 | 491.2 | 491.0 | 487.5 |
| Dec | 497.5 | 498.0 | 497.5 | 497.5 |
| Feb | 502.0 | 504.3 | 502.0 | 502.0 |

PLATINUM 50 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 562.0 | 562.8 | 564.0 | 563.0 |
| Aug | 561.4 | 561.8 | — | — |
| Sept | — | — | — | — |
| Oct | 567.5 | 560.3 | 571.5 | 558.5 |
| Jan | 577.5 | 567.2 | 577.5 | 568.3 |
| Feb | — | — | — | — |
| April | 584.0 | 574.0 | 584.0 | 577.5 |
| July | 588.5 | 580.8 | 585.5 | 585.5 |
| Oct | 593.0 | 587.8 | — | — |

SILVER 5,000 troy oz, cents/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 748.0 | 731.2 | 749.0 | 718.0 |
| Aug | 747.7 | 735.7 | — | — |
| Sept | 756.0 | 741.0 | 465.0 | 729.0 |
| Dec | 771.0 | 755.5 | 680.0 | 741.0 |
| Jan | 772.4 | 760.1 | 765.5 | 756.0 |
| March | 788.0 | 770.0 | 788.0 | 761.0 |
| April | — | — | — | — |
| May | 793.0 | 780.2 | — | — |
| July | 803.6 | 790.6 | 808.0 | 785.0 |
| Sept | 814.1 | 800.5 | 797.0 | 797.0 |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 6.70 | 6.92 | 6.85 | 6.70 |
| Oct | 6.91 | 6.97 | 6.99 | 6.80 |
| Jan | 7.08 | 7.15 | — | — |
| March | 7.30 | 7.39 | 7.43 | 7.35 |
| May | 7.50 | 7.58 | 7.59 | 7.50 |
| July | — | 6.66 | — | — |
| Oct | 7.84 | 7.92 | 7.90 | 7.82 |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| August | 62.97 | 63.30 | 63.75 | 62.70 |
| Oct | 61.55 | 61.67 | 62.10 | 61.50 |
| Dec | 63.17 | 63.30 | 63.85 | 63.10 |
| Feb | 64.25 | 64.40 | 65.00 | 64.05 |
| April | 65.12 | 65.22 | 65.50 | 64.95 |
| June | 64.52 | — | 64.70 | 64.40 |
| August | 63.92 | 63.70 | 64.10 | 63.30 |

LIVE HOGS 30,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

MAIZE 5,000 bu min, cents/56lb bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

PORK BELLIES 38,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

SOYABEANS 5,000 bu min, cents/60lb bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

SOYABEAN MEAL 100 tons, $/ton

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

WHEAT 5,000 bu min, cents/60lb bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | | | | |

SPOT PRICES: Chicago loose lard 18.00 (15.75) cents a pound. Handy and Harman silver bullion 723.50 (715.00) cents per troy ounce. New York tin 307.00-312.00 (307.00-311.00).

### POTATOES

Although the physical market opened under pressure, by mid-morning some indication of improved demand offered limited strength to early quotations which firmed £2.30 by the close. Reversal of recent trends plus general profit-taking following the heavy fall during the past week resulted in London pushing £3.70 up during the day after an unchanged opening and closing at the highs, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Nov. | [illegible] | | |
| Feb. | [illegible] | | |
| Mar. | [illegible] | | |
| Apr. | [illegible] | | |
| May | [illegible] | | |

Sales: 834 (3,617) lots of 50 tonnes. [illegible]

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Nov. | 91.00-89.50 | 91.00-89.00 | |
| Feb. | 101.50-102.00 | | |
| Apr. | 130.10-130.50 | 130.50-126.50 | |
| May | 144.50-140.30 | 141.50 | |

Sales: 605 (408) lots of 40 tonnes.

### GAS OIL FUTURES

| Month | Yesterd'ys close | + or — | Business done |
|---|---|---|---|
| | US$ per tonne | | |
| July | 157.50 | -0.875 | 157.50-158.7 |
| Aug | 159.50 | -1.625 | 160.00-158.5 |
| Sept | 162.00 | -1.625 | 162.75-161.6 |
| Oct | 165.00 | -1.125 | 165.75-164.0 |
| Nov | 166.00 | -2.25 | 166.25-166.0 |

Turnover: 2,580 (3,908) lots of 100 tonnes.

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### OIL

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—July | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | — | — |
| Brent Blend | 17.25-17.35 | -0.025 |
| W.T.I. (1 pm est) | [illegible] | -0.05 |
| Forcados (Nigeria) | 20.40-20.45 | +0.05 |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 194-197 | — |
| Gas Oil | 157-159 | — |
| Heavy fuel oil | 100-106 | — |
| Naphtha | 169-171 | -1.0 |

* August. Petroleum Argus estimates

### SOYABEAN MEAL

| | Yesterday's close | + or — | Business done |
|---|---|---|---|
| | £ per tonne | | |
| August | [illegible] | | 130.0 |
| October | [illegible] | | 129.0 |
| Dec. | [illegible] | | — |
| Feb. | [illegible] | | — |
| April | [illegible] | | — |
| June | [illegible] | | — |
| August | [illegible] | | — |

Sales: 857 (343) lots of 20 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar $171.00 ([illegible]), unchanged (down £1.00) a tonne for July/August delivery. White sugar $181.00, up $0.50.

## LME puts back reform timetable

By Stefan Wagstyl

THE LONDON Metal Exchange has put back its timetable for reforms to its management structure by a few days.

The exchange this week sent out invitations to trading companies to join the new company which will take over the responsibilities of the existing exchange. Members have until July 14 to reply and until July 17 to submit nominations for directors of the new company, the figurehead president of which will be Mr Jacques Lion, chairman of the present board.

After an election, the new managing Board will hold its first meeting on July 31, a week later than originally envisaged.

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar better after weak start

THE DOLLAR recovered from a weak start, to close around its highest levels of the day. Trading lacked new factors, but the US currency may have gained a little support from news that US construction spending rose 0.3 per cent in May, compared with a revised increase of 2.3 per cent in April.

Today's US unemployment figures, ahead of the Independence Day long weekend holiday in the US, are not expected to move the dollar outside its present narrow range of around DM 1.81 to DM 1.84, and the next test may not come until release of the May US trade figures on June 15.

The dollar rose to DM 1.8280 from DM 1.8255; to FFr 6.10 from FFr 6.09; to SFr 1.5190 from SFr 1.5150, and was unchanged at Y146.75.

On Bank of England figures the dollar's index eased to 102.2 from 102.3.

**STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. June average 1.6289. Exchange rate index closed unchanged at 72.3, after touching a peak of 72.7 at 11 am. Six months ago the index was 68.2.**

Sterling finished slightly firmer against the dollar and D-Mark, but well below the highest levels of the day.

Initially the pound rose sharply, in a technical reaction to its decline after last month's UK general election, and against an encouraging political and economic background.

Oil prices have firmed after the Vienna meeting of ministers from the Organisation of Petroleum Exporting Countries, but fell back slightly yesterday, to slightly under $19 a barrel.

Profit-taking set in late in the day, and it was also suggested the pound was undermined by the call from Iran for an end to the link between oil prices and the dollar.

The pound touched a peak of $1.6245, before closing 30 points higher on the day at $1.6160-1.6170. Sterling also rose to DM 2.9550 from DM 2.9450; to FFr 9.86 from FFr 9.8250; to SFr 2.4550 from SFr 2.4450; and to Y237.25 from Y236.75.

**D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. June average 1.8186. Exchange rate index 146.9 against 145.3 six months ago.**

The D-Mark was virtually unchanged against the dollar in Frankfurt. Trading was uneventful, but underlying sentiment surrounding the US currency was good.

After withstanding selling pressure at DM 1.8090 the dollar was supported by a rise of 0.3 per cent in May US construction spending, compared with a revsed 2.3 per cent increase in April.

The dollar closed at DM 1.8265, against DM 1.8270 on Tuesday. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 1.8222, compared with DM 1.8299.

**JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 217.8 against 207.3 six months ago.**

The yen was slightly firmer against the dollar in quiet Tokyo trading. The US currency fell to Y146.40 from Y146.75, as dealers looked to a further period of trading within a narrow range. It was generally felt the dollar was unlikely to fall below Y146.20, but the peak was also limited to Y147.00.

Profit-taking tended to depress the US currency, and the dollar also weakened on overnight rumours of sales by the West German Bundesbank. There was no reaction to the statement by Mr Satoshi Sumita, Governor of the Bank of Japan, that the market trend will need to be watched, because the trade imbalance between the US and Japan remains large.

*News that Japan's external* reserves rose $338m in June to a record $69.27bn, from the previous all-time high of $68.94bn in May, also had no impact.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu July 1 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.0116 | +1.30 | +0.77 | ±1.5344 |
| Danish Krone | 7.85212 | 7.86104 | +0.11 | −0.42 | ±1.6404 |
| German D-Mark | 2.05853 | 2.07386 | +0.74 | +0.21 | ±1.0981 |
| French Franc | 6.90403 | 6.91780 | +0.20 | −0.33 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.33476 | +0.66 | +0.13 | ±1.5012 |
| Irish Punt | 0.768411 | 0.774011 | +0.73 | +0.20 | ±1.6684 |
| Italian Lira | 1483.58 | 1502.18 | +1.25 | +1.25 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| July 1 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6190-1.6200 | 1.6130-1.6140 |
| 1 month | 0.25-0.24 pm | 0.30-0.28 pm |
| 3 months | 0.75-0.72 pm | 0.80-0.77 pm |
| 12 months | 2.22-2.12 pm | 2.45-2.30 pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | July 1 | Previous |
|---|---|---|
| 8.30 am | 72.5 | 72.0 |
| 9.00 am | 72.6 | 72.1 |
| 10.00 am | 72.6 | 72.1 |
| 11.00 am | 72.7 | 72.2 |
| Noon | 72.6 | 72.2 |
| 1.00 pm | 72.5 | 72.2 |
| 2.00 pm | 72.5 | 72.2 |
| 3.00 pm | 72.5 | 72.3 |
| 4.00 pm | 72.3 | 72.3 |

### POUND SPOT—FORWARD AGAINST THE POUND

| July 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6135-1.6245 | 1.6160-1.6170 | 0.31-0.28c pm | 2.19 | 0.83-0.78 pm | 1.99 |
| Canada | 2.1465-2.1605 | 2.1470-2.1480 | 0.17-0.27c pm | 0.67 | 0.48-0.33 pm | 0.75 |
| Netherlands | 3.30½-3.34½ | 3.32¾-3.33¾ | 1⅛-1c pm | 4.06 | 3¼-3pm | 3.76 |
| Belgium | 60.92-61.52 | 61.15-61.25 | 18-11c pm | 2.84 | 44-34 pm | 2.55 |
| Denmark | 11.17¼-11.20¼ | 11.17¼-11.18¼ | ¼-⅞ ore dis | −0.60 | 1¼-2¼ dis | −0.60 |
| Ireland | 1.1013-1.1062 | 1.1020-1.1030 | 0.04-0.12 p dis | −0.87 | 0.09-0.32 dis | −0.74 |
| W. Germany | 2.93½-2.97¼ | 2.95-2.96 | 1⅜-1¼pf pm | 5.33 | 4-3⅞ pm | 5.25 |
| Portugal | 229.95-233.25 | 230.00-231.00 | 72-138c dis | −5.47 | 302-384 dis | −5.95 |
| Spain | 204.20-205.05 | 204.20-204.50 | 100-225c dis | −9.54 | 275-450 dis | −7.10 |
| Italy | 2126½-2149¾ | 2137¼-2138¼ | 1-4 lire dis | −1.40 | 3-8 dis | −1.22 |
| Norway | 10.80¾-10.85¾ | 10.81-10.82 | 4½-5⅝ ore dis | −5.48 | 13⅞-14¾ dis | −5.29 |
| France | 9.79¾-9.90½ | 9.85½-9.86½ | 1-⅜ c pm | 0.84 | 1¼-⅞ pm | 0.53 |
| Sweden | 10.30¾-10.34¾ | 10.30¾-10.31¾ | ¾-¼ ore pm | 0.58 | ¾-¼ pm | 0.17 |
| Japan | 235¼-238½ | 236¾-237¾ | 1⅛-⅞ y pm | 5.06 | 3¼-2⅞ pm | 5.16 |
| Austria | 20.70-20.79 | 20.70-20.73 | 9¾-8⅞ gro pm | 5.10 | 26-23½ pm | 4.82 |
| Switzerland | 2.43¾-2.46¾ | 2.45-2.46 | 1¼-1 c pm | 5.50 | 3⅞-3 pm | 5.19 |

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 1.45-1.40 c pm. 12-month 2.52-2.42c pm.

### CURRENCY RATES

| July 1 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.78977 | 0.701910 |
| U.S. Dollar | 5.5 | 1.2816 | 1.13780 |
| Canadian $ | 7.90 | * | 1.51281 |
| Austrian Sch. | 4 | 16.6394 | 14.5786 |
| Belgian Franc | 7½ | 48.4717 | 43.0116 |
| Danish Krone | 7 | 8.8441 | 7.86104 |
| Deutsche Mark | 3.0 | 2.3353 | 2.07386 |
| Neth. Guilder | 4½ | N/A | 2.33476 |
| French Franc | 9½ | 7.7964 | 6.91780 |
| Italian Lira | 12.5 | N/A | 1502.18 |
| Japanese Yen | 2½ | 187.68 | 166.801 |
| Norway Krone | 8 | N/A | 7.60446 |
| Spanish Peseta | — | " | 143.590 |
| Swedish Krona | 7½ | " | 7.24890 |
| Swiss Franc | 3.5 | " | 1.71750 |
| Greek Drach. | 20½ | 175.803 | 155.787 |
| Irish Punt | — | " | 0.774011 |

*C$/SDR rate for June 30: 1.70190

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| July 1 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6135-1.6245 | 1.6160-1.6170 | 0.31-0.28c pm | 2.19 | 0.83-0.78 pm | 1.99 |
| Ireland† | 1.4650-1.4707 | 1.4655-1.4665 | 0.41-0.36c pm | 3.14 | 1.18-1.08 pm | 3.07 |
| Canada | 1.3288-1.3314 | 1.3290-1.3300 | 0.15-0.18c dis | −1.49 | 0.39-0.44 dis | −1.25 |
| Netherlands | 2.0485-2.0585 | 2.0575-2.0585 | 0.33-0.30c pm | 1.84 | 1.01-0.96 pm | 1.92 |
| Belgium | 37.75-37.90 | 37.80-37.90 | 4-1c pm | 0.79 | 9-4 pm | 0.69 |
| Denmark | 6.88¾-6.92¼ | 6.91½-6.92 | 1.05-1.65ore dis | −2.34 | 3.55-4.15 dis | −2.23 |
| W. Germany | 1.8190-1.8285 | 1.8275-1.8285 | 0.52-0.49pf pm | 3.32 | 1.59-1.54pm | 3.43 |
| Portugal | 142½-143 | 142¾-143 | 70-110c dis | −7.57 | 260-310 dis | −7.99 |
| Spain | 126.12-126.65 | 126.55-126.65 | 80-130c dis | −9.97 | 220-320 dis | −8.55 |
| Italy | 1318-1323½ | 1322¼-1322¾ | 3.00-4.00lire dis | −3.18 | 9.50-11.50dis | −3.18 |
| Norway | 6.67½-6.69½ | 6.68¾-6.69¼ | 3.95-4.35ore dis | −7.45 | 11.95-12.35dis | −7.27 |
| France | 6.07-6.10¼ | 6.09¾-6.10¼ | 0.55-0.70c dis | −1.23 | 1.90-2.20 dis | −1.35 |
| Sweden | 6.36-6.38¾ | 6.37¾-6.38¼ | 0.70-0.85ore dis | −1.46 | 2.70-2.95 dis | −1.77 |
| Japan | 146.20-146.80 | 146.70-146.80 | 0.43-0.39y pm | 3.31 | 1.23-1.16 pm | 3.26 |
| Austria | 12.78¾-12.84¾ | 12.84¼-12.84¾ | 3.40-3.00gro pm | 3.00 | 10.00-9.00pm | 2.96 |
| Switzerland | 1.5080-1.5195 | 1.5185-1.5195 | 0.47-0.42c pm | 3.52 | 1.30-1.25 pm | 3.37 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.95-38.05

### CURRENCY MOVEMENTS

| July 1 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 72.3 | −21.2 |
| U.S. Dollar | 102.2 | −4.8 |
| Canadian Dollar | 78.0 | −10.5 |
| Austrian Schilling | 137.8 | +10.2 |
| Belgian Franc | 100.0 | −4.5 |
| Danish Krone | 92.4 | +2.7 |
| Deutsche Mark | 146.9 | +21.6 |
| Swiss Franc | 172.6 | +22.6 |
| Guilder | 134.9 | +14.4 |
| French Franc | 71.6 | −13.0 |
| Lira | 47.2 | −18.4 |
| Yen | 217.8 | +62.3 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

### EURO-CURRENCY INTEREST RATES

| July 1 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 9⅛-9½ | 9⅛-9⅞ | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9⅛ |
| U.S. Dollar | 6⅛-6⅜ | 6⅞-6¾ | 6⅞-7 | 7-7⅛ | 7¼-7⅞ | 7⅜-7⅞ |
| Can. Dollar | 6¾-7 | 6⅞-6⅞ | 6⅞-7⅛ | 7⅛-7⅞ | 7¼-7⅞ | 7⅞-7⅞ |
| D. Guilder | 5-5⅛ | 5⅛-5⅜ | 5⅛-5⅜ | 5⅜-5⅜ | 5⅜-5⅜ | 5⅜-5⅜ |
| Sw. Franc | 3⅞-3¼ | 2⅞-2⅞ | 3⅜-3⅞ | 3⅜-3⅞ | 3⅞-3⅞ | 3⅞-3⅞ |
| Deutschmark | 3⅜-3⅞ | 3⅞-3¾ | 3⅞-3¾ | 3⅞-3¾ | 3⅞-3⅞ | 3⅞-4 |
| Fr. Franc | 7⅛-7⅞ | 7⅞-8 | 8-8⅛ | 8⅜-8⅞ | 8⅞-8⅞ | 8⅞-9 |
| Italian Lira | 9-11 | 9-9⅛ | 9⅛-10⅛ | 9⅞-10⅛ | 10⅛-10½ | 10⅞-11 |
| B. Fr. (Fin.) | 6⅛-6⅞ | 6⅛-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 7⅛-7⅜ |
| B. Fr. (Con.) | 6⅛-6⅞ | 6⅛-6⅞ | 6⅛-6⅞ | 6⅞-6⅞ | 6⅞-7 | 6⅞-7⅛ |
| Yen | 3⅞-3⅞ | 3⅞-3⅞ | 3⅞-3⅞ | 4-4⅛ | 4-4⅛ | 4-4⅛ |
| D. Krone | 9⅛-9⅞ | 9⅛-9⅞ | 9⅛-9⅞ | 9⅞-10⅛ | 9⅞-10⅛ | 10⅛-10½ |
| Asian $Sing | 3-3⅞ | N/A | 4-4⅛ | 4⅛-4⅜ | 4⅛-4½ | 4⅞-4⅞ |

Long-term Eurodollars: Two years 8-8⅛ per cent; three years 8⅜-8⅝ per cent; four years 8½-8¾ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### OTHER CURRENCIES

| July 1 | £ | $ |
|---|---|---|
| Argentina | 2.8990-2.9120 | 1.7950-1.8020 |
| Australia | 2.2375-2.2405 | 1.3845-1.3855 |
| Brazil | 69.9700-70.3600 | 43.3280-43.5450 |
| Finland | 7.1805-7.1930 | 4.4450-4.4470 |
| Greece | 220.05-223.85 | 135.70-138.00 |
| Hong Kong | 12.5990-12.6150 | 7.8090-7.8100 |
| Iran | 116.10* | 71.40* |
| Korea (Sth) | 1299.45-1311.20 | 805.70-812.30 |
| Kuwait | 0.45570-0.45620 | 0.28210-0.28220 |
| Luxembourg | 61.15-61.25 | 37.80-37.90 |
| Malaysia | 4.0750-4.0860 | 2.5255-2.5265 |
| Mexico | 2170.55-2192.90 | 1344.00-1357.00 |
| N. Zealand | 2.7080-2.7130 | 1.6755-1.6775 |
| Saudi Ar. | 6.0580-063560 | 3.7500-3.7510 |
| Singapore | 3.4190-3.4260 | 2.1175-2.1185 |
| S. Af. (Cm) | 3.2865-3.3020 | 2.0385-2.0430 |
| S. Af. (Fn) | 5.4765-5.6690 | 3.3900-3.5090 |
| Taiwan | 49.55-49.80 | 31.05-31.15 |
| U.A.E. | 5.9330-5.9380 | 3.6725-3.6735 |

*Selling rate

### EXCHANGE CROSS RATES

| July 1 | £ | $ | DM | YEN | F Fr. | S Fr. | H FL | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.617 | 2.955 | 237.3 | 9.860 | 2.455 | 3.328 | 2138. | 2.148 | 61.20 |
| $ | 0.619 | 1. | 1.828 | 146.8 | 6.100 | 1.519 | 2.058 | 1323. | 1.328 | 37.85 |
| DM | 0.338 | 0.547 | 1. | 80.29 | 3.337 | 0.831 | 1.126 | 723.4 | 0.727 | 20.71 |
| YEN | 4.215 | 6.813 | 12.46 | 1000. | 41.56 | 10.35 | 14.03 | 9011. | 9.052 | 258.0 |
| F Fr. | 1.014 | 1.639 | 2.997 | 240.6 | 10. | 2.490 | 3.375 | 2168. | 2.178 | 62.07 |
| S Fr. | 0.407 | 0.658 | 1.204 | 96.64 | 4.016 | 1. | 1.355 | 870.8 | 0.875 | 24.93 |
| H Fl. | 0.301 | 0.486 | 0.886 | 71.30 | 2.963 | 0.738 | 1. | 642.4 | 0.645 | 18.39 |
| Lira | 0.468 | 0.756 | 1.382 | 111.0 | 4.612 | 1.148 | 1.557 | 1000. | 1.005 | 28.63 |
| C $ | 0.466 | 0.753 | 1.376 | 110.5 | 4.591 | 1.143 | 1.549 | 995.5 | 1. | 28.50 |
| B Fr. | 1.634 | 2.641 | 4.828 | 387.7 | 16.11 | 4.011 | 5.437 | 3493. | 3.509 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

## FINANCIAL FUTURES

# Gilts ease as pound slips

GILT PRICES shed early gains in the London International Financial Futures Exchange yesterday to finish slightly down on the day.

Early gains reflected sterling's firmer trend and the latter encouraged overseas demand from the US and Japan. News that two of the three recent taplets had been exhausted also paved the way for further gains.

However the encouraging background provided room for only short lived gains and after opening at 123-17 and touching a high of 123-20, the September long gilt contract fell away. Losses were multiplied during the afternoon as sterling relinquished all of the day's gains to finish unchanged from Tuesday and the September gilt price fell away to a low of 122-14 before finishing at 122-15 down from 123-04 on Tuesday.

Three-month sterling deposits were also weaker but trading was on the quiet side. Despite sterling's early strength, cash rates were barely changed and there appeared to be little prospect of any early cut in base rates. Consequently futures prices were confined to a relatively narrow band, opening at 90.94 for September delivery up from 90.88 on Tuesday and touching a high of 90.95 before easing back to close at the day's low of 90.84.

US Treasury bonds recovered from opening levels but were still down from Tuesday. Trading was very quiet ahead of the long weekend and today's US unemployment figures. The September price opened at 91-04 down from 91-26 on Tuesday but recovered to touch a high of 90-24 before closing at 91-16.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Sept. | Calls—Last Dec. | Puts—Last Sept. | Puts—Last Dec. |
|---|---|---|---|---|
| 116 | 6.39 | 7.12 | 0.09 | 0.54 |
| 118 | 4.54 | 5.44 | 0.24 | 1.22 |
| 120 | 3.19 | 4.24 | 0.53 | 2.02 |
| 122 | 2.01 | 3.17 | 1.35 | 2.59 |
| 124 | 1.07 | 2.25 | 2.41 | 4.03 |
| 126 | 0.37 | 1.43 | 4.07 | 5.21 |
| 128 | 0.18 | 1.10 | 5.52 | 6.52 |
| 130 | 0.09 | 0.49 | 7.43 | 8.27 |

Estimated volume total, Calls 1,426 Puts 1,014
Previous day's open int: Calls 25,268 Puts 17,550

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Sept. | Calls—Last Dec. | Puts—Last Sept. | Puts—Last Dec. |
|---|---|---|---|---|
| 82 | 9.35 | 8.58 | 0.03 | 0.22 |
| 84 | 7.41 | 7.12 | 0.09 | 0.40 |
| 86 | 5.55 | 5.41 | 0.23 | 1.05 |
| 88 | 4.16 | 4.18 | 0.48 | 1.46 |
| 90 | 2.49 | 3.09 | 1.17 | 2.37 |
| 92 | 1.35 | 2.14 | 2.03 | 3.42 |
| 94 | 0.48 | 1.35 | 3.16 | 4.61 |
| 96 | 0.22 | 0.63 | 4.54 | 6.27 |

Estimated volume total, Calls 0 Puts 5
Previous day's open int: Calls 1,563 Puts 561

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls-Last June | Calls-Last July | Puts-Last June | Puts-Last July |
|---|---|---|---|---|
| 22750 | 7.16 | 9.14 | 2.21 | 4.19 |
| 23000 | 5.59 | 7.69 | 3.14 | 5.24 |
| 23250 | 4.25 | 6.40 | 4.30 | 6.45 |
| 23500 | 3.14 | 5.26 | 5.69 | 7.81 |
| 23750 | 2.26 | 4.28 | 7.31 | 9.33 |
| 24000 | 1.57 | 3.44 | 9.12 | 10.99 |
| 24250 | 1.06 | 2.73 | 11.11 | 12.78 |
| 24500 | 0.70 | 2.14 | 13.25 | 14.69 |

Estimated volume total, Calls 6 Puts 1
Previous day's open int: Calls 173 Puts 69

### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike Price | Calls—Last July | Aug | Sept | Dec | Puts—Last July | Aug | Sept | Dec |
|---|---|---|---|---|---|---|---|---|
| 1.45 | — | — | 16.55 | 16.55 | — | — | 0.02 | 0.37 |
| 1.50 | 11.55 | 11.55 | 11.55 | 11.55 | 0.00 | 0.02 | 0.15 | 1.00 |
| 1.55 | 6.55 | 6.55 | 6.77 | 7.61 | 0.04 | 0.29 | 0.74 | 2.25 |
| 1.60 | 2.26 | 2.76 | 3.37 | 4.68 | 0.78 | 1.54 | 2.34 | 4.32 |
| 1.65 | 0.30 | 0.75 | 1.31 | 2.62 | 3.82 | 4.53 | 5.28 | 7.26 |
| 1.70 | 0.01 | 0.12 | 0.38 | 1.33 | 8.53 | 8.90 | 9.35 | 10.97 |
| 1.75 | 0.00 | 0.01 | 0.08 | 0.61 | 13.52 | 13.79 | 14.05 | 15.25 |

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 661 Puts 1,800

### LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike Price | Calls—Last July | Aug. | Sept. | Dec. | Puts—Last July | Aug. | Sept. | Dec. |
|---|---|---|---|---|---|---|---|---|
| 1.45 | — | — | 12.70 | 12.90 | — | — | 1.50 | 2.70 |
| 1.50 | 12.40 | 12.40 | 12.40 | 12.80 | 0.20 | 0.25 | 0.50 | 1.00 |
| 1.55 | 7.40 | 7.40 | 7.50 | 8.20 | 0.25 | 0.50 | 0.85 | 2.00 |
| 1.60 | 2.40 | 3.40 | 3.80 | 4.90 | 0.50 | 1.55 | 2.25 | 3.75 |
| 1.65 | 0.25 | 1.20 | 1.65 | 2.80 | 3.25 | 4.15 | 4.90 | 6.60 |
| 1.70 | 0.20 | 0.40 | 0.65 | 1.50 | 8.10 | 8.85 | 8.900 | 10.30 |
| 1.75 | 0.20 | 0.35 | 0.50 | 1.20 | 14.30 | 14.80 | 15.30 | 16.50 |

Previous day's open int: Calls 86 Puts 1
Volume: 194

### PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike Price | Calls—Last July | Aug. | Sept. | Dec. | Puts—Last July | Aug. | Sept. | Dec. |
|---|---|---|---|---|---|---|---|---|
| 1.600 | 1.70 | 2.50 | 3.20 | 4.40 | 0.30 | 1.45 | 2.05 | 3.65 |
| 1.625 | 0.40 | 1.40 | 2.05 | — | 1.25 | 2.60 | 2.95 | — |
| 1.650 | 0.05 | 0.65 | 1.25 | 2.40 | 3.20 | 4.35 | 5.05 | 6.75 |
| 1.675 | — | 0.40 | — | 1.70 | 5.65 | 6.36 | — | 8.55 |
| 1.700 | | 0.10 | 0.40 | 1.30 | 8.15 | 18.50 | 8.95 | — |
| 1.725 | — | 0.05 | 0.20 | 0.90 | 10.55 | 10.85 | 11.25 | 12.60 |
| 1.750 | — | — | 0.10 | 0.60 | 13.05 | 13.35 | 13.55 | 14.80 |

Previous day's open int: Calls 131,288 Puts 75,986
Previous day's volume: Calls 825 Puts 6,951

### LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

| Strike Price | Calls—Last Sept. | Dec. | Mar. | June | Puts—Last Sept. | Dec. | Mar. | June |
|---|---|---|---|---|---|---|---|---|
| 91.25 | 1.38 | 1.21 | 1.16 | — | 0.00 | 0.11 | 0.27 | — |
| 91.50 | 1.13 | 1.00 | 0.98 | — | 0.00 | 0.15 | 0.34 | — |
| 91.75 | 0.89 | 0.81 | 0.81 | — | 0.01 | 0.21 | 0.42 | — |
| 92.00 | 0.66 | 0.64 | 0.66 | — | 0.03 | 0.29 | 0.52 | — |
| 92.25 | 0.45 | 0.49 | 0.53 | — | 0.07 | 0.39 | 0.64 | — |
| 92.50 | 0.28 | 0.36 | 0.41 | — | 0.15 | 0.51 | 0.77 | — |
| 92.75 | 0.15 | 0.25 | 0.31 | — | 0.27 | 0.65 | 0.92 | — |

Previous day's open int: Calls 1,713 Puts 1,896
Estimated volume, Calls 75 Puts 101

### LONDON

**20-YEAR 12% NOTIONAL GILT**
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| June | — | — | — | 123-24 |
| Sept. | 122-15 | 123-20 | 122-14 | 124-05 |
| Dec. | 122-11 | 123-00 | 123-00 | — |

Estimated volume 25,987 (27,973)
Previous day's open int. 28,429 (32,589)

**10% NOTIONAL SHORT GILT**
£100,000 64ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| June | — | — | — | — |

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

**THREE-MONTH STERLING**
£500,000 points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 90.84 | 90.95 | 90.84 | 90.94 |
| Dec. | 90.82 | 90.89 | 90.84 | 90.91 |
| Mar. | 90.75 | 90.82 | 90.75 | 90.88 |
| June | 90.70 | 90.74 | 90.74 | 90.76 |
| Sept. | 90.52 | 90.60 | 90.60 | 90.66 |

Estimated Volume 4,262 (4,673)
Previous day's open int. 14,999 (15,318)

**FT-SE 100 INDEX**
£25 per full index point

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| June | — | — | — | 229.75 |
| Sept. | 232.45 | 233.40 | 232.00 | 234.70 |
| Dec. | 236.95 | — | — | — |

Estimated volume N/A (N/A)
Previous day's open int. N/A (2,013)

**THREE-MONTH EURODOLLAR**
$1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 92.63 | 92.66 | 92.56 | 92.61 |
| Dec. | 92.35 | 92.38 | 92.29 | 92.35 |
| March | 92.14 | 92.16 | 92.08 | 92.15 |
| June | 91.94 | 91.95 | 91.90 | 91.95 |
| Sept. | 91.75 | 91.75 | 91.70 | 91.76 |
| Dec. | 91.56 | 91.50 | 91.50 | 91.60 |
| Mar. | 91.40 | 91.33 | 91.33 | 91.44 |

Estimated volume N/A (N/A)
Previous day's open int. N/A (26,301)

**U.S. TREASURY BONDS 8%**
$100,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 91-16 | 92-24 | 91-03 | 92-14 |
| Dec. | 90-18 | — | — | — |

Estimated Volume 3,509 (5,249)
Previous day's open int. 4,419 (4,310)

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8%**
$100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 91-19 | 91-24 | 91-03 | 91-16 |
| Dec. | 90-22 | 90-25 | 90-05 | 90-18 |
| Mar. | 89-27 | 89-28 | 89-20 | 89-22 |
| June | 89-01 | 89-01 | 88-25 | 88-27 |
| Sept. | 88-08 | 88-08 | 88-00 | 88-02 |
| Dec. | 87-18 | 87-18 | 87-10 | 87-12 |
| Mar. | 86-30 | 86-30 | 86-22 | 86-24 |
| June | — | — | — | 86-06 |
| Sept. | — | — | — | 85-21 |
| Dec. | — | — | — | 85-06 |
| Mar. | — | — | — | 84-24 |

**U.S. TREASURY BILLS (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 94.00 | 94.02 | 93.94 | 93.94 |
| Dec. | 93.76 | 93.76 | 93.70 | 93.69 |
| Mar. | 93.56 | 93.56 | 93.47 | 93.48 |
| June | 93.33 | 93.33 | — | 93.29 |
| Sep. | 93.13 | 93.13 | — | 93.09 |
| Dec. | — | — | — | 92.85 |
| Mar. | — | — | — | 92.70 |

**SWISS FRANC (IMM)**
SFr 125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep. | 0.6646 | 0.6675 | 0.6640 | 0.6650 |
| Dec. | 0.6708 | 0.6743 | 0.6700 | 0.6721 |
| Mar. | 0.6770 | 0.6804 | 0.6770 | 0.6784 |
| June | 0.6844 | 0.6854 | — | 0.6844 |

**JAPANESE YEN (IMM)**
Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 0.6859 | 0.6873 | 0.6856 | 0.6863 |
| Dec. | 0.6918 | 0.6924 | 0.6917 | 0.6916 |
| Mar. | — | — | — | 0.6980 |
| Jun. | 0.7046 | — | — | 0.7046 |

**DEUTSCHE MARK (IMM)**
DM125,000 $ per DM

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 0.5513 | 0.5528 | 0.5510 | 0.5522 |
| Dec. | 0.5563 | 0.5577 | 0.5563 | 0.5571 |
| Mar. | 0.5618 | 0.5624 | 0.5618 | 0.5622 |

**THREE-MONTH EURODOLLAR (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 92.64 | 92.66 | 92.59 | 92.58 |
| Dec. | 92.37 | 92.38 | 92.31 | 92.31 |
| Mar. | 92.16 | 92.16 | 92.10 | 92.09 |
| June | 91.95 | 91.96 | 91.91 | 91.89 |
| Sept. | 91.75 | 91.76 | 91.70 | 91.70 |
| Dec. | 91.56 | 91.57 | 91.52 | 91.51 |
| Mar. | 91.39 | 91.39 | 91.35 | 91.33 |
| June | 91.22 | 91.22 | 91.20 | 91.17 |

**STANDARD & POORS 500 INDEX**
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 304.70 | 305.60 | 304.00 | 303.55 |
| Dec. | 307.10 | 307.85 | 306.45 | 305.95 |
| Mar. | 309.40 | 310.00 | — | 308.00 |
| June | 311.50 | 312.10 | — | 310.10 |

### CURRENCY FUTURES

**POUND—$ (FOREIGN EXCHANGE)**

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.6165 | 1.6136 | 1.6085 | 1.6023 | 1.5918 |

**IMM—STERLING $e per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept. | 1.6090 | 1.6165 | 1.6070 | 1.6085 |
| Dec. | 1.6010 | 1.6100 | 1.6010 | 1.6020 |
| Mar. | 1.6000 | 1.6025 | 1.5980 | 1.5990 |

**LIFFE—STERLING £25,000 $ per £**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept. | 1.6103 | 1.6170 | 1.6140 | 1.6061 |
| Dec. | 1.6036 | 1.6110 | 1.6110 | 1.6007 |
| Mar. | 1.5978 | — | — | 1.5958 |

Estimated volume 23 (55)
Previous day's open int 705 (204)

## MONEY MARKETS

# London rates show little change

INTEREST RATES showed little overall change in London yesterday. Sentiment remained quietly bullish however, helped by sterling's early strength. However there appeared to be little enthusiasm behind thoughts of an early cut in base rates.

**UK clearing bank base *lending rate* 9 per cent since May 8**

Three-month interbank money finished at 9¼-9⅛ per cent unchanged from previously, while overnight money eased to a low of 5 per cent, before going back to 8-9 per cent bid.

The Bank of England forecast a shortage of around £800m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £758m and a rise in the note circulation of £125m. These were partly offset by exchequer transactions which added £50m and banks' balances brought forward £55m above target.

The forecast was later revised to a shortage of around £850m and the Bank gave assistance in the morning of £209m through outright purchases of £14m of eligible bank bills in band 1, £147m in band 2 and £48m in band 3 all at 8⅞ per cent.

A further revision took the forecast to a shortage of around £900m, before taking into account the early help and the Bank gave additional assistance in the afternoon of £513m through outright purchases of £194m of eligible bank bills in band 1 at 8⅞ per cent and £87m in band 2 also at 8⅞ per cent. In band 3 it bought £82m of Treasury bills, £3m of local authority bills and £147m of eligible bank bills all at 8⅞ per cent.

Late assistance came to £335m, making a total of £1,057m.

In Frankfurt the Bundesbank allocated DM 12.4bn at its latest sale and repurchase tender. The minimum accepted bid was 3.55 per cent, unchanged from the last time and the funds were allocated to successful applicants yesterday, replacing a maturity facility of DM 11.2bn. Demand for the extra funds resulted in total bids of £17.9bn. Short-term money rates eased as some end of month payments found their way back into the market. Overnight balances were quoted at 3.55-3.65 per cent against 4.75-5.00 per cent quoted on Tuesday.

**In Amsterdam** the Dutch central bank allocated Fl 1.4bn through special advances at an unchanged rate of 3.1 per cent.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. July 1) 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 7 5/16 | offer 7 7/16 | bid 7⅜ | offer 7½ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 8¼ |
| Broker loan rate | 8 |
| Fed. funds | 6⅝ |
| Fed funds at intervention | 6¾ |

**Treasury Bills and Bonds**

| | | | |
|---|---|---|---|
| One month | 4.58 | Three year | 7.71 |
| Two month | 5.43 | Four year | 7.91 |
| Three month | 5.82 | Five year | 8.01 |
| Six month | 6.09 | Seven year | 8.23 |
| One year | 6.61 | 10 year | 8.37 |
| Two year | 7.46 | 30 year | 8.49 |

| July 1 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.55-3.65 | 3.65-3.75 | 3.65-3.75 | 3.65-3.75 | 3.70-3.85 | 5.0 |
| Paris | 7¼-7⅜ | 7⅞-8⅛ | 8-8⅛ | 8⅛-8¼ | 8⅜-8½ | 7¾ |
| Zurich | ⅞-1⅛ | 3½-3¾ | — | 3⅝-3⅞ | — | — |
| Amsterdam | 5⅛-5⅜ | 5⅛-5¼ | — | 5⅛-5¼ | — | — |
| Tokyo | 3.21875 | 3.53125 | — | 3.65625 | — | — |
| Milan | 10⅝-11 | 10⅞-11⅛ | — | 11-11⅛ | — | — |
| Brussels | 5.90 | 6⅜-6⅜ | — | 6⅛-6⅜ | — | — |
| Dublin | 10¼-10⅛ | 10¼-10⅛ | 10⅜-10½ | 10⅜-10⅝ | 10⅜-10⅝ | — |

### LONDON MONEY RATES

| July 1 | Over-night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 10-5 | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9⅛ |
| Sterling CDs | — | — | 9⅛-9⅛ | 9⅛-9 | 9⅛-9 | 9⅛-9⅛ |
| Local Authority Deposits | 9⅛ | 9⅛ | 9⅛ | 9⅛ | 9⅛ | 9⅛ |
| Local Authority Bonds | — | — | 9⅛ | 9⅛ | 9⅛ | 9⅛ |
| Discount M'kt Deposits | 9⅛-6 | 9⅛ | 8⅞ | 8⅞ | — | — |
| Company Deposits | 9-8½ | 9⅛ | 9⅛-9⅛ | 9⅛ | 9⅛ | 9⅛ |
| Finance House Deposits | — | — | 9⅛ | 9⅛ | 9⅛ | 9⅛ |
| Treasury Bills (Buy) | — | — | 8⅞ | 8⅞ | — | — |
| Bank Bills (Buy) | — | — | 8⅞ | 8⅞ | 8⅞ | — |
| Fine Trade Bills (Buy) | — | — | 9⅛ | 9⅛ | 9⅛ | — |
| Dollar CDs | — | — | 6.95-6.90 | 7.05-7.00 | 7.20-7.15 | 7.60-7.55 |
| SDR Linked Deposits | — | — | 6⅛-6⅞ | 6⅛-6 | 6⅛-6⅛ | 6⅛-6⅞ |
| ECU Linked Deposits | — | — | 6⅞-6⅛ | 6⅞-6⅞ | 6⅞-6⅞ | 7⅛-7 |

Treasury Bills (sell); one-month 8 13/32 per cent; three-months 8 13/32 per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8 25/32 per cent; Treasury Bills; Average tender rate of discount 8.7617 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period July 26 to August 25, 1987, Scheme I: 10.47 p.c., Schemes II & III: 10.17 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9⅛ per cent; Under £100,000 8 per cent from June 24. Deposits withdrawn for cash 5 per cent.




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# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | TUESDAY JUNE 30 1987 | | | | | MONDAY JUNE 29 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (94) | 133.88 | +0.0 | 123.02 | 123.60 | 3.21 | 133.82 | 123.93 | 123.45 | 141.44 | 99.92 | 81.52 |
| Austria (16) | 86.90 | +1.3 | 79.84 | 82.40 | 2.25 | 85.79 | 79.44 | 81.43 | 101.62 | 85.71 | 87.09 |
| Belgium (47) | 120.86 | +0.0 | 111.05 | 113.26 | 4.20 | 120.86 | 111.92 | 113.56 | 123.62 | 96.19 | 80.69 |
| Canada (127) | 128.30 | +0.2 | 117.89 | 123.70 | 2.34 | 128.10 | 118.62 | 123.69 | 136.17 | 100.00 | 99.64 |
| Denmark (39) | 116.73 | −0.5 | 107.26 | 109.94 | 2.51 | 117.35 | 108.67 | 110.65 | 124.10 | 98.18 | 96.09 |
| France (122) | 106.81 | +0.2 | 98.14 | 102.04 | 2.75 | 106.59 | 98.71 | 102.12 | 121.82 | 98.39 | 83.71 |
| West Germany (90) | 96.40 | −0.6 | 88.57 | 91.49 | 2.03 | 96.94 | 89.77 | 92.25 | 100.33 | 84.00 | 81.62 |
| Hong Kong (45) | 125.83 | +0.7 | 115.62 | 126.17 | 2.87 | 124.92 | 115.68 | 125.22 | 125.92 | 96.89 | 70.45 |
| Ireland (14) | 132.13 | +0.3 | 121.41 | 126.87 | 3.52 | 131.78 | 122.03 | 126.87 | 132.13 | 99.50 | 93.19 |
| Italy (76) | 97.86 | −0.4 | 89.92 | 96.62 | 1.87 | 98.29 | 91.02 | 97.34 | 112.11 | 94.76 | 82.15 |
| Japan (458) | 139.94 | −1.9 | 128.59 | 129.81 | 0.52 | 142.69 | 132.14 | 132.37 | 161.28 | 100.00 | 81.96 |
| Malaysia (36) | 170.72 | −0.4 | 156.87 | 166.20 | 2.29 | 171.34 | 158.66 | 166.27 | 172.55 | 98.24 | 84.50 |
| Mexico (14) | 246.53 | −0.5 | 226.53 | 363.21 | 0.63 | 247.82 | 229.49 | 362.67 | 268.91 | 99.72 | 49.80 |
| Netherland (38) | 123.44 | +0.8 | 113.43 | 115.78 | 3.80 | 122.52 | 113.46 | 115.25 | 123.44 | 99.65 | 91.54 |
| New Zealand (27) | 97.73 | −0.5 | 89.80 | 87.44 | 3.11 | 98.27 | 91.00 | 88.24 | 100.59 | 83.93 | 73.31 |
| Norway (24) | 140.75 | +1.6 | 129.33 | 128.04 | 1.97 | 138.57 | 128.32 | 126.11 | 140.75 | 100.00 | 102.00 |
| Singapore (27) | 145.59 | −0.8 | 133.77 | 142.13 | 1.73 | 146.71 | 135.86 | 143.47 | 146.71 | 99.29 | 78.43 |
| South Africa (61) | 158.79 | +0.7 | 145.90 | 117.69 | 3.50 | 157.70 | 146.03 | 116.88 | 186.74 | 100.00 | 79.39 |
| Spain (43) | 123.25 | −0.5 | 113.25 | 118.21 | 3.33 | 123.93 | 114.77 | 118.86 | 123.93 | 100.00 | 82.56 |
| Sweden (33) | 113.21 | −0.3 | 104.02 | 106.92 | 2.17 | 113.51 | 105.11 | 107.33 | 124.68 | 90.85 | 90.07 |
| Switzerland (51) | 99.11 | +0.3 | 91.06 | 93.09 | 1.83 | 98.77 | 91.46 | 93.20 | 104.06 | 92.01 | 85.35 |
| United Kingdom (334) | 150.03 | +0.7 | 137.85 | 137.85 | 3.11 | 149.02 | 137.99 | 137.99 | 153.12 | 99.65 | 103.76 |
| USA (591) | 124.35 | −1.1 | 114.26 | 124.35 | 2.92 | 125.71 | 116.41 | 125.71 | 126.68 | 100.00 | 105.53 |
| Europe (927) | 122.07 | +0.3 | 112.17 | 114.49 | 2.80 | 121.75 | 112.74 | 114.77 | 122.29 | 99.78 | 91.48 |
| Pacific Basin (687) | 139.10 | −1.8 | 127.81 | 129.27 | 0.69 | 141.62 | 131.15 | 131.62 | 158.77 | 100.00 | 81.59 |
| Euro−Pacific (1614) | 132.33 | −1.0 | 121.59 | 123.35 | 1.47 | 133.71 | 123.82 | 124.87 | 143.65 | 100.00 | 85.50 |
| North America (718) | 124.56 | −1.0 | 114.45 | 124.34 | 2.89 | 125.83 | 116.52 | 125.61 | 126.70 | 100.00 | 105.22 |
| World Ex. US (1816) | 132.54 | −1.0 | 121.79 | 123.46 | 1.53 | 133.84 | 123.94 | 124.90 | 143.38 | 100.00 | 85.90 |
| World Ex. UK (2073) | 127.30 | −1.2 | 116.97 | 122.53 | 1.93 | 128.85 | 119.32 | 124.07 | 133.61 | 100.00 | 92.64 |
| World Ex. So. Af. (2346) | 129.13 | −1.0 | 118.65 | 123.96 | 2.04 | 130.46 | 120.81 | 125.39 | 135.02 | 100.00 | 93.67 |
| World Ex. Japan (1949) | 124.29 | −0.5 | 114.20 | 121.04 | 2.87 | 124.93 | 115.69 | 121.88 | 125.15 | 100.00 | 99.15 |
| The World Index (2407) | 129.32 | −1.0 | 118.82 | 123.94 | 2.05 | 130.64 | 120.97 | 125.35 | 135.15 | 100.00 | 93.58 |

Base values: Dec 31, 1986 = 100



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| GOLD C | $460 | 32 | 9.50 | 66 | 24.50 | — | — | " |
| GOLD C | $480 | 4 | 5.50A | 85 | 15.50A | 6 | 26 | " |
| GOLD P | $420 | 14 | 3.40 | 22 | 8 | — | — | " |
| GOLD P | $440 | 35 | 8 | 30 | 14.80 | — | — | " |
| | | Sep 87 | | Dec 87 | | Mch 88 | | |
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| SILVER C | $800 | — | — | 16 | 85 | — | — | " |
| SILVER C | $900 | — | — | 4 | 35 | — | — | " |
| SILVER P | $700 | 5 | 45 | — | — | — | — | " |
| | | Jul 87 | | Aug 87 | | Sep 87 | | |
| $/Fl. C | Fl.200 | 5 | 5 | 4 | 6.30 | — | — | Fl.205.73 |
| $/Fl. C | Fl.205 | 15 | 1.70 | 1 | 2.80 | 2 | 3.50B | " |
| $Fl. P | Fl.200 | — | — | 100 | 1.20B | — | — | " |
| $FL P | Fl.205 | 12 | 1.30 | — | — | 1010 | 4.20 | " |
| | | Dec 87 | | Mch 88 | | Jun 88 | | |
| $/Fl C | Fl.205 | 5 | 5.20 | 10 | 6.10B | 25 | 7.20 | Fl.205.73 |
| $/Fl C | Fl.225 | 10 | 0.80 | — | — | — | — | " |
| $/Fl P | Fl.205 | 1 | 6.50 | — | — | — | — | " |

| | | July 87 Vol. | July 87 Last | Oct 87 Vol. | Oct 87 Last | Jan 88 Vol. | Jan 88 Last | |
|---|---|---|---|---|---|---|---|---|
| ABN C | Fl.500 | 191 | 1.20B | 48 | 11.30 | 3 | 19 | Fl.479 |
| ABN P | Fl.460 | 49 | 6 | 40 | 21 | 5 | 23.50 | " |
| AEGON C | Fl.95 | 143 | 1.20 | 82 | 4.30 | 8 | 6 | Fl.93.50 |
| AEGON P | Fl.90 | 59 | 0.60 | 6 | 3.50A | — | — | " |
| AHOLD C | Fl.95 | — | — | 32 | 10.30 | 10 | 12 | Fl.103.90 |
| AHOLD C | Fl.104.60 | 41 | 1.30 | — | — | — | — | " |
| AKZO C | Fl.140 | 1194 | 14.30 | 194 | 18.30 | 8 | 20 | Fl.154.30 |
| AKZO P | Fl.150 | 112 | 1.50 | 622 | 4.50 | 224 | 6.60 | " |
| AMEV C | Fl.65 | 18 | 1 | 168 | 3.30A | 5 | 4.50 | Fl.64.10 |
| AMEV P | Fl.65 | 7 | 2.20 | 111 | 3.70 | 20 | 4.50 | " |
| AMRO C | Fl.80 | 382 | 0.80 | 123 | 3 | 30 | 4.30 | Fl.77.40 |
| AMRO P | Fl.75 | — | — | 94 | 2.80 | 40 | 3.60 | " |
| ELSEVIER P | Fl.46 | 110 | 0.10 | — | — | — | — | Fl.53.70 |
| GIST-BROC. C | Fl.45 | 113 | 1.40 | 234 | 3.50A | 30 | 4.50 | Fl.45.40 |
| GIST-BROC. P | Fl.45 | 155 | 1 | 28 | 3 | 6 | 3.50 | " |
| HEINEKEN C | Fl.180 | 120 | 2.10 | 65 | 7.10B | 3 | 11 | Fl.177.80 |
| HEINEKEN P | Fl.170 | 2 | 0.80 | 33 | 3.50 | — | — | " |
| HOOGOVENS C | Fl.40 | 348 | 3.70 | 69 | 5.30 | 4 | 7.50 | Fl.43.30 |
| HOGOVENS P | Fl.40 | 10 | 0.50 | 259 | 1.90 | — | — | " |
| KLM C | Fl.55 | 5 | 0.30B | 274 | 1.40 | 15 | 2.20 | Fl.50.80 |
| KLM P | Fl.50 | 314 | 0.60 | 159 | 2.90 | 5 | 3.70A | " |
| NEDLLOYD C | Fl.150 | 66 | 3 | 90 | 8.20 | — | — | Fl.150 |
| NEDLLOYD P | Fl.150 | 40 | 2.80 | 33 | 6.90 | 20 | 9.50 | " |
| NAT.NED. C | Fl.75 | 247 | 0.80 | 151 | 3 | 2 | 4.70B | Fl.72.50 |
| NAT.NED. P | Fl.70 | 60 | 0.60 | 107 | 2.60 | 10 | 3.70 | " |
| PHILIPS C | Fl.50 | 721 | 1.40A | 410 | 3.80 | 96 | 4.90 | Fl.50.70 |
| PHILIPS P | Fl.50 | 301 | 0.50 | 288 | 2 | 240 | 3 | " |
| ROYAL DUTCH C | Fl.270 | 1443 | 5.30 | 632 | 11 | 18 | 14 | Fl.272.70 |
| ROYAL DUTCH P | Fl.260 | 216 | 0.40 | 136 | 4.60 | 18 | 7.50 | " |
| ROBECO C | Fl.10 | — | — | — | — | 5 | 3.50 | Fl.105.80 |
| ROBECO P | Fl.105 | 10 | 1 | 10 | 1.70 | — | — | " |
| UNILEVER C | Fl.140 | 853 | 0.50 | 689 | 4.90B | 57 | 7.10 | Fl.135 |
| UNILEVER P | FL.120 | — | — | 341 | 0.50 | 14 | 1 | " |

TOTAL VOLUME IN CONTRACTS: 55,077

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 9 | ● Charterhouse Bank | 9 | Nat Bk. of Kuwait | 9 |
| Adam & Company | 9 | Citibank NA | 9 | NatWestminster | 9 |
| Allied Arab Bk Ltd | 9 | City Merchants Bank | 9 | Northern Bank Ltd | 9 |
| Allied Dunbar & Co | 9 | Clydesdale Bank | 9 | Norwich Gen. Trust | 9 |
| Allied Irish Bank | 9 | Comm. Bk. N. East | 9 | PK Finans. Intl (UK) | 10 |
| American Exp. Bk | 9 | Consolidated Crdt | 9 | Provincial Trust Ltd | 10 |
| Amro Bank | 9 | Co-operative Bank | *9 | R. Raphael & Sons | 9 |
| Henry Ansbacher | 9 | Cyprus Popular Bk | 9 | Roxburghe G'rantee | 9½ |
| ANZ Banking Group | 9 | Duncan Lawrie | 9 | Royal Bk of Scotland | 9 |
| Associates Cap Corp | 9 | Equat'l Tst C'p plc | 9 | Royal Trust Bank | 9 |
| Authority & Co Ltd | 9 | Exeter Trust Ltd | 9½ | Smith & Williams Secs | 9 |
| Banco de Bilbao | 9 | Financial & Gen. Sec. | 9 | Standard Chartered | 9 |
| Bank Hapoalim | 9 | First Nat. Fin. Corp | 10 | Trustee Savings Bank | 9 |
| Bank Leumi (UK) | 9 | First Nat. Sec. Ltd | 10 | UDT Mortgage Exp. | §11.1 |
| Bank Credit & Comm | 9 | ● Robert Fleming & Co | 9 | United Bk of Kuwait | 9 |
| Bank of Cyprus | 9 | Robert Fraser & Ptrs | 10 | United Mizrahi Bank | 9 |
| Bank of Ireland | 9 | Girobank | 9 | Unity Trust PLC | 9 |
| Bank of India | 9 | Grindlays Bank | ‡9 | Western Trust | 9 |
| Bank of Scotland | 9 | ● Guinness Mahon | 9 | Westpac Bank. Corp | 9 |
| Banque Belge Ltd | 9 | HFC Trust & Savings | 9 | Whiteaway Laidlaw | 9½ |
| Barclays Bank | 9 | ● Hambros Bank | 9 | Yorkshire Bank | 9 |
| Beechmark Tst Ltd | 9 | Heritable & Gen. Tst | 9 | | |
| Beneficial Trust Ltd | 10 | ● Hill Samuel | §9 | | |
| Berliner Bank AG | 9 | C. Hoare & Co | 9 | | |
| Brit Bk of Mid East | 9 | Hongkong & Shangh | 9 | | |
| ● Brown Shipley | 9 | Lloyds Bank | 9 | | |
| Business Mtge Tst | 9 | Meghraj & Sons Ltd | 9 | | |
| CL Bank Nederland | 9 | Midland Bank | 9 | | |
| Canada Permanent | 9 | ● Morgan Grenfell | 9 | | |
| Cayzer Ltd | 9 | Mount Credit Corp. Ltd | 9 | | |

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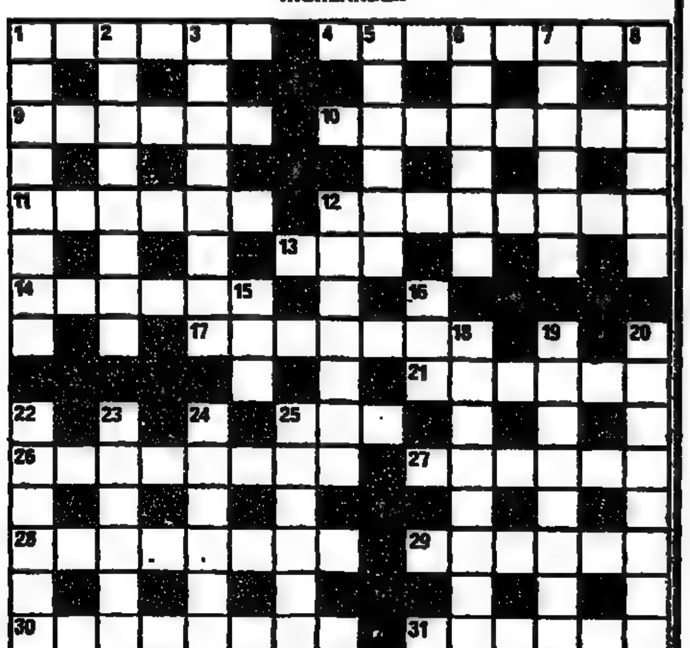
## FT CROSSWORD PUZZLE No. 6,367

HIGHLANDER



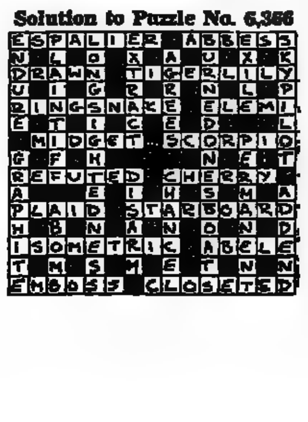
**ACROSS**

1 Turn in on behalf of cause (6)
4 Intend to have cast out back during the interval (8)
9 Showing signs of cold? It's said to be extensive (6)
10 A wrong mark and right mark, both incomplete, containing hidden word (8)
11 Beginning with old hat-band (6)
12 Makes lonely island so dead on Sunday (8)
13 Attached to engineering unit (3)
14 Unable to produce form of tenure (6)
17 What prince acquires from writing books? (7)
21 *The Gold Rush* is magnificent (6)
25 A court ordinance (3)
26 Flatter? Yes, in a way revealing good breeding (8)
27 Sign two similar stars (6)
28 Someone easily persuaded to produce simple food (4, 4)
29 Run straight through (6)
30 Comment about one place producing small piece of meat (8)
31 Without hesitation, product is inferior (6)

**DOWN**

1 Giving up, following, or leaving (8)
2 Tree trunk is overhead (8)
3 Get them more agitated. Object: to guage resistance (8)
5 Tax cut (6)
6 The Spanish do take on about pasta (6)
7 Completely at home? Then drink nothing (2, 4)
8 Measure suit jacket (6)
12 Dream of going under in early childhood (7)
15 Boat Race controversy (3)
16 When one can be expected to be fed up (1, 1, 1)
18 As stated, you'll start overdrawn at the year-end (8)
19 Calling for dramatic action on stage (8)
20 One way seismic scale—ignoring hard core—is more accurate (8)
22 Conceal present in cinema (6)
23 Catcalls heard over Light Infantry's food (6)
24 An obstruction along the line was unknown in other times (6)
25 Make request to social worker indirectly (6)

**Solution to Puzzle No. 6,366**





## FT UNIT TRUST INFORMATION SERVICE

### AUTHORISED UNIT TRUSTS

هكذا من الأصل

# FT UNIT TRUST INFORMATION SERVICE

## INSURANCES

# FT UNIT TRUST INFORMATION SERVICE

**Manufacturers Life Insurance Co (UK)**
St George's Way, Stevenage 0438 356101

| | | | | |
|---|---|---|---|---|
| Managed | 446.8 | 470.3 | | — |
| Property | 280.1 | 294.8 | | — |
| Equity | 556.5 | 565.8 | | — |
| Gilt Edged | 367.2 | 386.5 | | — |
| Deposit | 203.9 | 214.6 | | — |
| Investment | 238.0 | 249.9 | | — |
| International | 432.3 | 455.1 | | — |
| **Pension Fund Prices** | | | | |
| Managed Init. | | 326.1 | | — |
| Do. Accum | | 398.3 | | — |
| Property Init. | | 242.9 | | — |
| Do. Accum | | 296.5 | | — |
| Equity Init. | | 423.2 | | — |
| Do Accum | | 516.0 | | — |
| Gilt-Edged Init | | 235.4 | | — |
| Do. Accum. | | 287.4 | | — |
| Guaranteed Init | | 157.5 | | — |
| Do. Accum | | 192.4 | | — |
| International Init. | | 517.8 | | — |
| Do. Accum. | | 631.8 | | — |
| Index Lk. Gilt Init. | | 137.3 | | — |
| Do. Accum. | | 167.6 | | — |

**Merchant Investors Assurance**
Leon House, 233 High St, Croydon 01-686 9171

| | | | |
|---|---|---|---|
| Property | 300.2 | +0.0 | — |
| Property Pens. | 396.7 | +0.0 | — |
| Equity | 197.1 | +0.1 | — |
| Equity Pens. | 402.2 | +0.7 | — |
| Money Market | 311.3 | +1.9 | — |
| Money Mkt. Pens. | 556.6 | +3.5 | — |
| Deposit | 256.1 | +0.1 | — |
| Deposit Pens. | 375.2 | +0.2 | — |
| Managed | 291.2 | +0.5 | — |
| Managed Pens. | 564.0 | +1.4 | — |
| Intl. Equity | 341.1 | -0.4 | — |
| Do. Pens. | 550.3 | -1.1 | — |
| Intl. Managed | 314.2 | -0.3 | — |
| Do. Pens. | 467.2 | -0.4 | — |
| North American | 129.1 | -1.4 | — |
| Do Pens. | 148.1 | -2.6 | — |
| Far East | 287.2 | -3.6 | — |
| Do. Pens. | 416.3 | -5.3 | — |
| Intnl. Currency | 174.6 | +0.0 | — |
| Do. Pens. | 228.3 | +0.0 | — |
| Index Linked | 128.6 | +0.0 | — |
| S & C Managed Fd | 143.4 | +0.0 | — |
| S & C Pens Mngd Fd | 117.2 | -0.1 | — |
| **Trustlink Life Funds** | | | |
| Per Worldwide Sec. | 162.5 | +0.8 | — |
| Per Far East Growth | 193.3 | +0.2 | — |
| Per Intl Growth | 154.1 | +0.6 | — |
| Per Income | 167.9 | +0.4 | — |

[illegible]

**National Provident Inst.—Contd.**

| | | | | |
|---|---|---|---|---|
| Far East Initial | 475.8 | 500.9 | -1.7 | — |
| Far East | 568.2 | 598.2 | -2.0 | — |
| Prop. Initial | 139.4 | 146.8 | -0.2 | — |
| Prop | 166.6 | 175.4 | -0.3 | — |
| Fixed Int. Initial | 189.7 | 199.7 | +0.4 | — |
| Fixed Int. | 226.5 | 238.5 | +0.6 | — |
| Indexed Gilt Initial | 103.2 | 108.7 | -0.5 | — |
| Indexed Gilt | 122.0 | 128.5 | -0.6 | — |
| Deposit Initial | 134.5 | 141.3 | | — |
| Deposit | 161.9 | 170.5 | +0.1 | — |
| **NPI Pensions Management Ltd** | | | | |
| Managed Fund | 452.7 | 469.7 | | — |

Prices July 1. Next dealing August 3.

**Norwich Union Asset Management Ltd**
PO Box 124, Norwich NR1 3JS 0603 683986

| | | | | |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 56.9 | 59.9 | -0.3 | — |
| Stock Market Mngd Fund | 58.2 | 61.3 | -0.4 | — |
| Equity Fund | 63.9 | 67.3 | -0.2 | — |
| International Fund | 53.5 | 56.4 | -0.8 | — |
| European Fund | 55.7 | 58.7 | -0.7 | — |
| North American Fund | 49.9 | 52.6 | -0.8 | — |
| Pacific Fund | 63.1 | 66.5 | -0.1 | — |
| Property Fund | 50.7 | 53.4 | +0.1 | — |
| Fixed Interest Fund | 50.3 | 53.0 | | — |
| Index linked Sec Fund | 45.6 | 48.1 | -0.2 | — |
| Deposit Fund | 50.7 | 53.4 | | — |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 60.8 | 64.1 | -0.2 | — |
| UK Ordinary Share | 72.7 | 76.6 | -0.1 | — |
| International Fund | 55.4 | 58.4 | -1.0 | — |
| Property Fund | 51.5 | 54.3 | | — |
| Fixed Interest Fund | 52.0 | 54.8 | +0.3 | — |
| Index Linked Sec Fund | 45.9 | 48.4 | -0.1 | — |
| Deposit Fund | 52.5 | 55.3 | | — |
| **NUAM (MF)** | | | | |
| Managed Fund | 776.8 | 817.7 | -4.3 | — |
| Equity Fund | 1697.1 | 1786.5 | -7.0 | — |
| Property Fund | 315.0 | 331.6 | | — |
| Fixed Interest Fund | 370.8 | 390.4 | +0.7 | — |
| Deposit Fund | 206.7 | 217.6 | | — |
| International Fund | 139.0 | 146.4 | -2.0 | — |
| Index Linked Sec Fund | 45.7 | 48.2 | -0.2 | — |

**Norwich Union Life Insurance Sec.**
PO Box 4, Norwich NR1 3NG 0603 622200

| | | | | |
|---|---|---|---|---|
| **Pensionvestor & Unit-Linked Plus** | | | | |
| Fixed Interest Fund | 260.0 | 273.6 | +0.4 | — |
| Index-Linked Sec Fund | 130.1 | 136.9 | -1.3 | — |
| Ordinary Share Fund | 528.3 | 556.3 | +8.1 | — |
| International Fund | 142.4 | 149.8 | -3.1 | — |

[illegible]

**Provident Mutual Life Assc.—Cont.**

| | |
|---|---|
| **Pension Funds** | |
| Managed Ord | 327.1 |
| Managed Init. | 280.3 |
| Equity Ord | 507.9 |
| Equity Init. | 435.3 |
| Pen Ind Lnd Gilt Ord | 120.3 |
| Pen Ind Lnd Gilt Init | 107.6 |
| Overseas Equity Ord. | 320.7 |
| Overseas Equity Init. | 274.8 |
| Property Ord. | 152.0 |
| Property Init. | 132.2 |
| Fixed Interest Ord. | 172.8 |
| Fixed Interest Init. | 143.1 |
| Deposit Ord | 153.2 |
| Deposit Init. | 131.3 |

**Provincial Life Assurance Co Ltd**
Stramongate, Kendall, Cumbria

| | |
|---|---|
| Managed Fd | 576.0 |
| Cash Fd | 207.2 |
| Property Fund | 223.0 |
| Equity Fund | 683.3 |
| Fxd. Int. Fund | 270.9 |
| International | 327.8 |
| High Income | 477.2 |
| Far East | 382.9 |
| North American | 262.9 |
| Special Sits. | 441.1 |
| Technology | 228.8 |
| Extra Inc Fd. | 269.0 |
| Convertible & Gilt Fd | 155.8 |
| American Income | 117.8 |
| Gilt Fund 20 | 282.6 |
| European Fund | 99.3 |
| Managed Pens. Acc. | 525.7 |
| Deposit Pens. Acc. | 222.6 |
| Property Pens. Acc. | 211.4 |
| Fix. Int. Pens. Acc. | 314.4 |
| Equity Pens. Acc. | 726.7 |
| International Pens Acc | 295.2 |
| High Inc Pens Acc | 464.5 |
| Tech Pens Acc | 188.0 |
| N American Pens Acc | 175.6 |
| Far Eastern Pens Acc | 387.1 |
| Special Sits Pens Acc | 513.0 |
| Extra Income Pens Fd | 302.4 |
| Convertible & Gilt Pen | 165.2 |
| American Inc Pens | 128.0 |
| European Pens | 104.4 |
| **Broker Funds** | |
| KS& Managed Fund | 156.7 |
| McKenna Mngd Fund | 160.8 |
| Acorn Managed Fund | 170.4 |

[illegible]

## OFFSHORE AND OVERSEAS

[illegible]

## MANAGEMENT SERVICES

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1987 High | 1987 Low | Stock | Price £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 101[illegible] | 100[illegible] | Treas. 12pc 1987 | 100[illegible] | ..... | 11.89 | 8.93 |
| 99[illegible] | 97[illegible] | Treas 7¾pc 1985-88‡‡ | 99[illegible] | ..... | 7.77 | 8.31 |
| 102[illegible] | 99[illegible] | Exch 10½pc '88 | 101[illegible] | [illegible] | 10.39 | 9.08 |
| 101[illegible] | 98[illegible] | Treas 9¾pc Cv '88 | 100[illegible] | ..... | 9.70 | 9.12 |
| 96[illegible] | 93[illegible] | Transport 3pc '78-88 | 96[illegible] | [illegible] | 3.10 | 6.30 |
| 101[illegible] | 98[illegible] | Treas. 9½pc '88 | 100[illegible] | [illegible] | 9.48 | 9.24 |
| 105[illegible] | 101[illegible] | Treas 11½pc 1989 | 103[illegible] | [illegible] | 11.14 | 9.29 |
| 102[illegible] | 97[illegible] | Treas 9½pc Cnv 1989 | 100[illegible] | [illegible] | 9.46 | 9.18 |
| 94[illegible] | 89[illegible] | Treas 3pc 1989 | 93[illegible] | ..... | 3.20 | 6.64 |
| 104[illegible] | 99[illegible] | Treas 10½pc 1989 | 102[illegible] | [illegible] | 10.28 | 9.26 |
| 103[illegible] | 98[illegible] | Exch 10pc 1989 | 101[illegible] | [illegible] | 9.86 | 9.24 |
| 105[illegible] | 100[illegible] | Exch 11pc 1989 | 103[illegible] | [illegible] | 10.64 | 9.27 |
| 95[illegible] | 89[illegible] | Treas 5pc 1986-89 | 94[illegible] | [illegible] | 5.29 | 7.64 |
| 108[illegible] | 103[illegible] | Exch 10¼pcCv '89 | 104[illegible] | [illegible] | 9.82 | 8.15 |
| 111[illegible] | 105[illegible] | Treas 13pc 1990‡‡ | 108[illegible] | [illegible] | 11.99 | 9.18 |
| 106[illegible] | 100[illegible] | Exch 11pc 1990‡‡ | 103[illegible] | [illegible] | 11.40 | 9.31 |
| 110[illegible] | 104[illegible] | Exch. 12½pc 1990 | 107[illegible] | [illegible] | 11.64 | 9.33 |
| 91[illegible] | 84[illegible] | Treas. 3pc 1990 | 90[illegible] | [illegible] | 3.32 | 6.81 |
| 100[illegible] | 93[illegible] | Treas 8¼pc 1987-90‡‡ | 99[illegible] | ..... | 8.33 | 8.59 |
| 105 | 97[illegible] | Treas. 10pcCv 1990 | 101[illegible] | [illegible] | 9.81 | 9.27 |
| 89[illegible] | 81[illegible] | Exch 2½pc 1990 | 87[illegible] | [illegible] | 2.85 | 6.56 |
| 110[illegible] | 103[illegible] | Treas 11¾pc 1991 | 107[illegible] | [illegible] | 10.95 | 9.24 |
| 95[illegible] | 87[illegible] | Funding 5¾pc '87-91‡‡ | 93[illegible] | ..... | 6.17 | 7.85 |
| 89[illegible] | 80[illegible] | Treas. 3pc 1991 | 87[illegible] | [illegible] | 3.44 | 6.78 |
| 110[illegible] | 100[illegible] | Treas 10pc Cv '91 ‡‡ | 104[illegible] | [illegible] | 9.55 | 8.58 |
| 109[illegible] | 101[illegible] | Exch. 11pc 1991 | 105[illegible] | [illegible] | 10.37 | 9.25 |
| 116[illegible] | 108[illegible] | Treas 12¾pc 1992‡‡ | 112[illegible] | [illegible] | 11.30 | 9.23 |
| 106[illegible] | 97[illegible] | Treas 10pc 1992 | 102[illegible] | [illegible] | 9.72 | 9.22 |
| 99[illegible] | 95[illegible] | Treas. 8pc 1992 ‡‡ | 95[illegible] | [illegible] | 8.15 | 8.47 |
| 108[illegible] | 99[illegible] | Treas 10½pc Cv 1992‡‡ | 104[illegible] | [illegible] | 10.01 | 9.21 |

Five to Fifteen Years

Over Fifteen Years

Undated

## BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 from January 1987 conversion factor 3.945).

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

| Stock | Price | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|
| NYNEX $1 | 49[illegible] | [illegible] | h$3.40 | — | 4.9 |
| PHH | 25[illegible] | [illegible] | $1.04 | — | 2.6 |
| Pacificorp $3.25 | 22[illegible] | [illegible] | $2.40 | — | 6.7 |
| Pacific Telesis $0.10 | 18 | +1 | h$1.64 | — | 5.6 |
| Pall Corp. 25c | 18[illegible] | ..... | 34c | — | 1.1 |
| Pennzoil 83c | 46[illegible] | −2½ | $2.20 | — | 2.9 |
| PillsburyΩ | 26[illegible] | [illegible] | $1.00 | — | 2.3 |
| Quaker Oats $5 | 32[illegible] | [illegible] | h80c | — | 1.5 |
| RJR Nabisco Inc. | 32[illegible] | ..... | $1.60 | — | 3.0 |
| Rep NY Corpn $5 | 34 | ..... | $1.16 | — | 2.1 |
| Rockwell Intl. $1 | 16[illegible] | [illegible] | $1.32 | — | 4.8 |

Continued on next page

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **ANZ Finance High Interest Cheque Acc** Minerva Hse, Montague Cl, London, SE1 01-378 2576 | | | | |
| £250-£2,500 | 7.00 | 5.27 | 7.36 | Qr |
| £2,500+ | 9.00 | 6.77 | 9.30 | Qr |
| **Adam & Co. plc** 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484 | | | | |
| Full Service Cur Acc | 8.20 | 6.00 | 8.64 | Qr |
| **Aitken Hume** 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 8.25 | 6.21 | 8.71 | Qr |
| [illegible] £1000-£5000 | 8.00 | [illegible] | [illegible] | Mth |
| Mth. Int. Chq. £5,000+ | 8.25 | 6.21 | 8.79 | Mth |
| **AAB—Allied Arab Bank Ltd** 97-101 Cannon St, London, EC4N 5AD 01-626 2046. | | | | |
| HICA, HIGMA | 8.75 | 6.58 | 9.30 | Mth |
| **Bank of Scotland** 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Money Mkt Cheque Acc | 8.10 | 6.09 | 8.59 | Mth |
| **Barclays Prime Account** PO Box 125, Northampton 0604 252891 | | | | |
| High Int. Cheque | 8.00 | 6.00 | 8.40 | Qr |
| **Benchmark Trust Ltd Premier Account** 9 Henrietta Place, W1M 9AG. 01-631 3313 | | | | |
| £5,000-£10,000 | 9.00 | 6.77 | 9.45 | 6-mth |
| £10,001-£20,000 | 9.25 | 6.96 | 9.70 | 6-mth |
| £20,000+ | 9.50 | 7.15 | 9.97 | 6-mth |
| **Brown Shipley & Co Ltd** Founders Court, Lothbury, London EC2R 7HE 01-606 9833 | | | | |
| Demand Acc | 8.25 | 6.21 | 8.95 | Qr. |
| **Charterhouse Bank Limited** 1 Paternoster Row, EC4M 7DH. 01-248 4000 | | | | |
| Sterling | 8.25 | 6.21 | 8.75 | Mth |
| U.S. Dollar | 6.25 | 4.70 | 6.58 | Mth |
| German Mark | 3.00 | 2.26 | 3.12 | Mth |
| Swiss francs | 2.50 | 1.88 | 2.60 | Mth |
| Japanese Yen | 3.00 | 2.26 | 3.11 | Mth |
| **Citibank Savings** St Martins Hse, Hammersmith Grove W6 01-741 4942 | | | | |
| Money Market Plan £1,000-£24,999 | 7.50 | 6.00 | 8.45 | Mth |
| £25,000 | 8.00 | 6.30 | [illegible] | Mth |
| **Co-operative Bank Cheque & Save** | | | | |

## Money Market Trust Funds

UNIT TRUST NOTES

# LONDON SHARE SERVICE

## AMERICANS—Continued

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30¾ | 22⅞ | Sara Lee $1 | 28⅛xd | –1⅛ | $1.00 | — | 2.2 |
| 11⅛ | 8⅝ | Saul (B. F.) $1 | 10¼xd | +⅛ | 20c | — | 1.2 |
| 26¼ | 19⅞ | Southwestern Bell $1 | 24 | –⅜ | h$2.32 | — | 5.9 |
| 18¼ | 14¼ | Staley Continental | 17⅞ | –⅛ | 80c | — | 2.7 |
| 44⅜ | 36⅛ | Sun Co. Inc. $1 | 40½xd | –1 | $3.00 | — | 4.5 |
| 37 | 28½ | TRW Inc. $1¼ | 32⅛ | –1¼ | h$1.60 | — | 3.0 |
| 32 | 25⅞ | Tenneco $5 | 30⅜ | –⅜ | $3.04 | — | 6.1 |
| 187½ | 149½ | Do. 10pcLn.Stk. 91-5 | 187½xd | ..... | 10% | — | 5.5 |
| 26¼ | 17⅛ | Texaco $6.25 | 25¼xd | +⅛ | $3.00 | — | 7.3 |
| 61⅞ | 47¼ | Time Inc. $1 | 60¼ | +1 | $1.00 | — | 1.0 |
| 14½ | 11 | Tracor $0.33 | 12⅞ | ..... | 40c | — | 1.9 |
| 26⅞ | 18⅞ | Transamerica $1 | 25xd | –⅛ | $1.76 | — | 4.3 |
| 12½ | 922p | Transworld Corp $5 | 11⅝ | –⅜ | 20c | — | 1.1 |
| 46 | 29¼ | TRINOVA Corp. | 43 | –⅜ | h$1.00 | — | 1.4 |
| 20 | 15⅛ | ♥USX $1 | 19⅝ | –⅛ | $1.20 | — | 3.8 |
| 19⅜ | 15⅛ | Union Carbide $1 | 18¼ | –1 | $1.50 | — | 5.0 |
| 35⅛ | 26⅞ | Utd. Technologies | 32⅛ | +⅛ | $1.40 | — | 2.7 |
| 38⅜ | 27 | US West‖ | 32½ | –1 | $3.28 | — | 6.2 |
| 25 | 17¼ | Waste Management $1 | 24¼ | –⅜ | — | — | — |
| £22⅜ | £20½ | Whirlpool $1.0 | £22 | –⅛ | — | — | — |
| 35⅜ | 26 | ♥Woolworth $3½ | 32¾ | –1⅛ | $1.32 | — | 2.5 |

## CANADIANS

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 21p | 10p | ♥Abbot Energy Corp. | 21p | ..... | — | — | — |
| 12⅝ | 506p | ♥Amer. Barrick Res. | 962p | ..... | — | — | — |
| 122p | 52p | Armeno | 72p | –½ | — | — | — |
| 19⅛ | 14⅝ | Bk. Montreal ‖ | 15½ | –⅛ | $2.00 | — | 5.9 |
| 10½ | 745p | Bk. Nova Scot.‖ | 820pxd | ..... | 72c | — | 4.0 |
| 20⅝ | 18 | BCE ‖ | 19⅝ | –⅛ | $2.40 | — | 5.6 |
| 960p | 712p | ♥Bow Valley‖ | 938p | +12 | 40c | — | 2.0 |
| 19¼ | 12⅝ | ♥Brascan‖ | 16 | –⅛ | 88c | — | 2.5 |
| 409p | 277p | ♥Breakwater Res. | 366p | ..... | — | — | — |
| 11⅝ | 894p | Can. Imp. Bk. $2 | 990pxd | –10 | $1.08 | — | 5.0 |
| 12 | 865p | Can. Pacific ‖ | 11½xd | –⅛ | 48c | — | 1.9 |
| 42½ | 37½ | Do. 4pc Deb £100 | 41½ | ..... | 4% | — | 9.6 |
| 27⅛ | 15⅛ | ♥Echo Bay Mines | 21⅛ | –⅛ | 20c | — | 0.4 |

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

## INSURANCES

# LONDON SHARE SERVICE

## INSURANCES—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING—Continued

[illegible]

## PROPERTY

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Cont.

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## FINANCE, LAND—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Continued

[illegible]

### Tins

[illegible]

### Miscellaneous

| 1987 High | 1987 Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 140 | 84 | Anglo-Dominion | 116 | | — | — | — |
| 90 | 21 | ♥Colby Res Corp. | 53 | –1 | — | — | — |
| *295 | 127 | Cons. Murch 10c. | 235 | –10 | 060c | 4.4 | 7.9 |
| *70½ | 37½ | ♣Emex.Inc.Ir10p. | 58 | +1 | — | — | — |
| 318 | 151 | Greenwich Res | 281 | | — | — | — |
| £12⅞ | 963 | Hemlo Gold Mines | £11¼ | +⅛ | — | — | — |
| 355 | 189 | ♥Highwood Res. | 249 | –7 | — | — | — |
| £25⅞ | £16¾ | Homestake Mining $1 | £22¼ | .... | 020c | — | 0.6 |
| 442 | 150 | ♥McFinley Red Lake | 336 | –9 | — | — | — |
| 166 | 66 | ♥Musto Explorations | 125 | +5 | — | — | — |
| 100 | 37½ | ♥New Sabina Res C$1 | 79 | .... | — | — | — |
| 580 | 200 | Northgate C$1 | 460 | | — | — | — |
| 237 | 104 | Nor-Quest Resources | 190 | –5 | — | — | — |
| £11¼ | 698 | RTZ | £10½ | +⅛ | 23.5 | 2.7 | 3.1 |
| £233¾ | £113¾ | Do. 9½pcLn '95-2000 | £211¼ | +3½ | Q9½% | 37.5 | 4.7 |

## THIRD MARKET

| 1987 High | 1987 Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 485 | 180 | Abelscot Group 10p | 455 | +20 | 3.5 | 2.7 | 1.1 | 48.9 |
| 35 | 28 | Aberdeen Am Pet 10p | 32 | ..... | — | — | — | — |
| 125 | 110 | Allied Ins Brokers | 122 | ... | 13.5 | 2.5 | 4.0 | 14.2 |
| 83 | 78 | Amercoeur Energy 10p | 83 | .. | — | — | — | — |
| 15½ | 9 | Ardmore Pet. 'A' | 12 | –1½ | — | — | — | — |
| 78 | 45 | Catalyst Comms. 5p | 78 | +2 | — | — | — | 32.4 |
| 200 | 168 | Chelsea Artisans 5p | 178 | ..... | — | — | — | 23.9 |
| 129 | 47 | Corton Beach 10p | 120 | +5 | 0.4 | ♦ | 0.5 | ♦ |
| 200 | 150 | Crown Eyeglass 5p | 185 | .. | — | — | — | — |
| 265 | 102 | Edenspring Investment | 265 | +35 | — | — | — | — |
| *62 | 18 | Eglinton Oil Ir.5p | 26 | –1 | — | — | — | — |
| 41 | 17 | Do. Warrants | 18 | –1 | — | — | — | — |
| 79 | 17 | Publishing Hldgs.5p | 79 | +5 | — | — | — | 45.8 |
| 72 | 45½ | Theme Holdings | 69 | –3 | 1.0 | ♦ | 2.0 | ♦ |
| 140 | 111 | Unit Group | 140d | ..... | R4.6 | 2.5 | 4.5 | (30.0) |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ *Tax-free to non-residents on application.*
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv 20p | 86 | ...... | Fin. 13% 97/02 | £110⅞ | +⅛ |
| Craig & Rose £1 | £18¾xd | ...... | Arnotts | 340 | –10 |
| Finlay Pkg. 5p | 121 | +9 | CPI Hldgs | 57 | ...... |
| Holt (Jos) 25p | 975 | ...... | Carroll Inds. | 146xd | ...... |
| IoM Stm. £1 | 121 | ...... | Dublin Gas | 18 | ...... |
| | | | Hall (R. & H.) | 100 | ...... |
| IRISH | | | Helton Hldgs. | 41 | ...... |
| Fund 11¼% 1988 | £100½ | ...... | Irish Ropes | 170 | .... |
| Nat. 9¾% 84/89 | £98½ | ...... | Unidare | 375 | ...... |

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 40 | NEI | 12 |
| Amstrad | 20 | Nat West Bk | 65 |
| BAT | 55 | P & O Dfd | 65 |
| BOC Grp | 45 | Plessey | 22 |
| BSR | 17 | Polly Peck | 28 |
| BTR | 30 | Racal Elect | 24 |
| Babcock | 19 | RHM | 30 |
| Barclays | 52 | Rank Org Ord | 70 |
| Beecham | 50 | Reed Intnl | 45 |
| Blue Circle | 50 | STC | 30 |
| Boots | 25 | Sears | 15 |
| Bowaters | 50 | TI | 34 |
| Brit Aerospace | 55 | TSB | 10 |
| Brit. Telecom | 32 | Tesco | 55 |
| Burton Ord | 35 | Thorn EMI | 70 |
| Cadburys | 22 | Trust Houses | 24 |
| Charter Cons. | 40 | Turner Newall | 28 |
| Comm Union | 30 | Unilever | 300 |
| Courtaulds | 45 | Vickers | 20 |
| FNFC | 30 | Wellcome | 42 |
| Gen Accident | 95 | **Property** | |
| GEC | 24 | Brit Land | 25 |
| Glaxo | 200 | Land Securities | 45 |
| Grand Met | 55 | MEPC | 42 |
| GUS 'A' | 175 | Peachey | 45 |
| Guardian | 90 | **Oils** | |
| GKN | 30 | Brit Petroleum | 32 |
| Hanson Tst. | 15 | Britoil | 32 |
| Hawker Sidd | 50 | Burmah Oil | 45 |
| ICI | 125 | Charterhall | 6 |
| Jaguar | 52 | Premier | 11 |
| Ladbroke | 40 | Shell | 110 |
| Legal & Gen | 32 | Tricentrol | 11 |
| Lex Service | 45 | Ultramar | 24 |
| Lloyds Bank | 53 | **Mines** | |
| Lucas Inds | 62 | | |
| Marks & Spencer | 22 | Cons Gold | 95 |
| Midland Bk | 55 | Lonrho | 26 |
| Morgan Grenfell | 35 | Rio T Zinc | 90 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# LONDON STOCK EXCHANGE

## Japanese buying brings short-lived gains in bonds but equities give ground

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jun 15 | Jun 25 | Jun 26 | July 6 |
| Jun 29 | July 9 | July 10 | July 20 |
| July 13 | July 23 | July 24 | Aug 3 |

* New time dealings may take place from 9.00 am two business days earlier.

A sudden foray by the Japanese investment funds took the UK Government bond market higher yesterday morning, but the advance flickered out after the authorities had sold off a substantial part of the £500m taplet stocks announced at the end of last week. By the close, gilt-edged prices were showing net losses of ½ point, discouraged by sterling's failure to hold on to an early gain.

The Japanese continued to avoid UK equities, and blue chip shares followed the overnight fall on Wall Street. The absence of foreign support continued to lean heavily on a stock market facing substantial rights issue and vendor placing cash calls, as well as the impending sale of shares in BAA (British Airports Authority).

Equities opened sharply lower in the face of the setback on Wall Street, drawing no help from the initial firmness in the bond market. After moving on the downside throughout the day, the FT-SE 100 closed a net 14.3 down at 2,269.8, just a shade above the day's low. The FT Ordinary index shed 10.5 to 1,772.1.

Wall Street's weakness took away support for the oil shares. Turnover was light, and a slackening of domestic fund interest in property and insurance shares left the market to slip lower.

**Glaxo, Imperial Chemical Industries, Jaguar** and **Prudential** were all prominent in the list of the day's losses. Second thoughts on the results from **GEC** saw the shares dip sharply in lively turnover (11m shares).

There were several firm features on the financial sector, however. **Standard Chartered** moved up in speculative trading, and **Mercury International** closed higher after a generally favourable press review of the trading results.

Elsewhere, buyers were highly selective. **RTZ** advanced strongly on renewed rumours of stakebuilding. With bullion prices flirting with the psychologically significant $450 an ounce level, gold shares edged higher. Pharmaceuticals remained in the doldrums, with the exception of **Wellcome**, which continued to benefit from a recent broker circular.

Government bonds opened well, with overnight buying from Tokyo sending London marketmakers to the Government Broker to replenish their trading books from the taplet stocks. Two of the stocks were taken out completely, and the third well bought—dealers believe that about £450m of the £500m taplets was purchased.

But, with bond prices showing gains of ⅓ or so, support vanished, and the market sagged as sterling also turned back from its early gains. By the close, net losses of ½ left the sector somewhat disappointed with the day's trading.

The leading banks were featured by strong support for **Standard & Chartered** amid rumours that Lloyds was about to launch another bid for the bank and a story—subsequently officially denied by S & C bank—that it had sold its South African interests: Standard & Chartered shares spurted 17 to 775p. **Midland**, which has suffered over the past few months from talk of a substantial rights issue, and more recently from fears that any major provision against third world debts would wipe out this year's profits, added 9 to 641p. **Lloyds** eased a shade to 367p and **Barclays** fell 5 to 573p.

**Mercury International** attracted persistent buying interest and moved up 20 to 466p following the favourable Press reaction given to the better-than-expected preliminary results and the accompanying £131m rights issue. **Hill Samuel** added 5 more to 491p on further consideration of Kerry Packer's Consolidated Press increasing its stake in the bank to 12 per cent. **Goode Durrant** gained 13 to 251p in response to Press suggestions that the interim profits may top £2m. **Rothschild Holdings** held around 200½p despite preliminary profits at the top end of market estimates.

Dealers reported a disappointingly low level of business in insurances. Among brokers **C. E. Heath** slipped 10 to 483p on profit-taking. Prospective merger partners **Stewart Wrightson** and **Willis Faber** fell around 8 apiece to 585p and 400p respectively.

Property developer **Britannia Group** continued to make progress after Tuesday's successful debut and rose 5 more to 176p, compared with the offer for sale price of 155p.

A handful of the house builders made useful progress—**Federated Housing** added 9 to 271p and **Barratt** edged up 2 to 225p—but the majority of building issues tended to lose ground. **Taylor Woodrow**, recently surrounded by takeover speculation, retreated 12 to 466p, **Costain** lost 6 to 278p and **Tarmac** fell 5 to 295p.

**Redland** eased a few pence to 519p following the departure of the finance director. **BPB**, a weak market since the preliminary results announced last Thursday, dropped 14 more to 781p. Profit-taking left **Baldwin** 17 off at 223p.

**ICI** fell ¼ to £14⅝ reflecting the initial strength of sterling. **Coalite**, a strong market since the emergence of rumours that a "down-under" predator has picked up a near 5 per cent stake, rose 5½ to 392p.

Stores gave ground across the board, although dealers reported little selling of note. Nevertheless, **Stonehouse** dipped 12 to 284p, while **Harris Queensway**, 223p, and **Dixons**, 365p, shed 8 and 7 respectively; the latter's preliminary results are scheduled for July 15. As on Tuesday, secondary Stores showed some substantial rises as the prospect of asset injections stimulated revived demand for selected stocks, although gains were usually exaggerated by stock shortage. **Acsis Jewellery** provided a prime example, rising 50 more to 313p amid persisting hopes of a "shell" operation. Similarly **Lanca** advanced another 26 to 125p. **Ernest Jones**, buoyant of Tuesday following a bid approach—almost inevitably Ratners were mentioned as the most likely suitor—put on 8 more to 231p. Other jewellery issues made progress, with **Time Products** 13 up at 215p following the annual meeting. Elsewhere, **Courts (Furnishers) A** improved 17 to 233p in response to the increased preliminary figures. **Alexon** hardened a few pence to 369p as securities house BZW recommended clients to switch to the stock from Illingworth Morris.

**GEC** turned easier and closed 10 cheaper at 237p following a generally uninspiring Press response to the company's preliminary figures. **Ferranti**, in contrast, advanced 6 to 139p on the announcement of annual results above best market estimates. Elsewhere in the Electrical sector, **United Scientific** firmed 11 to 275p on acquisition news.

Among the noteworthy movements in Engineers, **F. H. Lloyd** featured a rise of 11 at 116p on news of a bid approach. **S. W. Wood**, which recently announced that certain directors of Braemar Trading had been given the option to purchase the chairman's 60 per cent holding in SWW at 80p per share, revived with a rise of 11 at 137p.

An otherwise lacklustre session among Food Retailers was enlivened by **Argyll Group**. Sharply lower last week following the company's adoption of merger accounting procedures relating to the Safeway acquisition earlier this year, the shares finally settled 14 to the good at 459p reflecting widespread feelings that recent selling had been overdone. Mr Bill Currie at brokers Hoare Govett regards Argyll's current rating as "depressed" and recommended clients to use the current rating as an opportunity to pick up stock. **Kwik Save** closed 8 up at 416p following confirmation of the success of the tender offer from Hong Kong-domiciled Dairy Farm International.

Food Manufacturers traded within narrow limits, although **Hillsdown** put on 4 to 302p, partly reflecting a "buy" recommendations from BZW who regard the group's shares as "undervalued."

Hotels also made scant impression, but press comment reiterating the group's vulnerability to a takeover bid saw **Norfolk Capital** rise 3 to 43½p.

Apart from a brisk trade in **Hanson Trust**, up 3 at 176½p, on investment demand, most leading miscellaneous industrials were inclined easier in another day's slow trading. **Reed International** continued to drift lower at 563p, down 6.

Elsewhere, **Reed Executive** jumped 70 to 945p in response to bumper preliminary figures. **Hestair**, which has recently been expanding its employment agency interests, improved 15 to 322p in sympathy. **British Vita**, still reflecting the company's expansion into Germany via the acquisition of Metzeler Schaum GMBH, advanced 16 further to 534p. **London International**, a depressed market of late on worries about the prospects of the sale of cut-price condoms, revived with a gain of 15 at 321p following the announcement of the disposal of Beechwood Brushes to Kalon Group for approximately £555,000. **CCA Galleries** jumped 47 to 153p on news that Christies International has sold its 34.9 per cent stake in the company. The latter, a strong market of late, reacted 13 to 579p. Acquisition news and a vendor placing prompted a gain of 23 to 255p in **City and Foreign**. Partly reflecting US offerings, **Reuters B** fell 17 to 839. **Johnson Matthey**, in contrast, rose 19 further to 403p following the annual report, while a revival of speculative demand left **Silentnight** 8 to the good at 137p. Following completion of the two US acquisitions, Yale Security and NuTone, dealings resumed yesterday in **Valor** which closed at 340p compared with the suspension price of 330p. Growth prospects enlivened fresh interest in **Spring Ram**, up 23 more at 571p, while **Granada** firmed 6 to 347p awaiting the interim statement scheduled for next Monday. Dealings were temporarily suspended in **Ecobric** at 73p, up 20, pending an announcement.

Leisure issues highlighted **Samuelson** which spurted 15 to 168p, after 175p, amid strong takeover chatter; Virgin and Lee International were both mentioned as possible suitors. However, chairman Sir John Mayhew-Saunders said that he knew of no reason for the strength of the shares. Property development hopes sparked new enthusiasm for **Tottenham Hotspur**, finally 25 to the good at 179p, but further consideration of the interim results—securities house BZW issued a cautious note of the group—left **Television South** another 18 lower at 374p.

A bout of profit-taking left the recently buoyant Property sector with some hefty losses on the day although many issues managed to edge off the day's lowest levels. In the leading group **Land Securities** settled 15 down at 567p, after 562p, **MEPC** lost 13 to 559p, after 553p and **British Land** closed 7 easier at 323p.

**Hammerson "A"** retreated 17 to 678p and **Great Portland Estates** 10 to 305p. **Greycoat**, a major beneficiary of the strength of the sector since the £143 sale of Bracken House last week, gave up 7 to 446p.

**Mersey Docks**, a buoyant market recently on hopes of future land development programmes, encouraged profit-taking—seen as overdue in some quarters—to close 29 down at 121p.

**Rothmans** met a revival of demand in the wake of the recent impressive preliminary figures and closed 27 higher at 391p. **Dunhill** moved up 22 to 771p in sympathy.

The overnight decline on Wall Street and slightly disappointing US oil products stocks figures left the oil sector in the doldrums. Small selling and profit-taking was evident for much of the day but was generally confined to inter market maker activity. **British Gas** dipped a further 1½ to 174p after a turnover of 7.7m. **BP** and **Shell** moved narrowly while minor falls were recorded by **Britoil**, 304½p, **Enterprise**, 294p, and **LASMO**, 312p.

Gold mining shares had a quiet session but ended generally firmer behind a bullion price which challenged psychologically important levels. The market was also helped by small buying from Brussels sources and some interest from the US. At the close, the FT Gold Mines index was 5.7 higher at 384.6.

### Traded Options

Traded Options began the month on a relatively subdued note. Total contracts transacted amounted to 43,123—made up of 26,183 calls and 16,940 puts. As on Tuesday, a lively business was noted for GEC which attracted 2,378 calls; 1,169 of which were struck in the July 240 series; GEC also recorded 2,273 puts, almost half struck in the October 220's. Operators also returned for positions in Hanson Trust which attracted 3,783 calls and 769 puts; the majority of Hanson calls were taken out in the September 180's. Lively trading was also reported for British Gas and British Telecom.

### Traditional Options

- First dealings June 22
- Last dealings July 3
- Last declaration Sept 24
- For Settlement Oct 5

*For rate indications see end of Unit Trust Service*

Stocks dealt in for the call included Boustead, Neepsend, Charterhall, Freshbake, Pentland Industries, Spong, Bejam, Elswick, Abaco, Eagle Trust, J. Israel, Senior Engineering, BET, Norfolk Capital, Dinkie Heel, Control Securities, Plaiignum, Stormguard, Clyde Petroleum, Ultramar, Glynwed, STC, Property Trust, Astra Industrial, Smith and Nephew, Darea Estates, Underwoods and Wheway. Puts were arranged in Priest Marians, Howard Shuttering, Pleasurama and Falcon Industries, while double options were transacted in Petranol, MY Holdings and Sound Diffusion.

### FINANCIAL TIMES STOCK INDICES

| | July 1 | June 30 | June 29 | June 26 | June 25 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 90.26 | 90.49 | 90.41 | 90.91 | 90.74 | 90.43 | 93.32 (8/5) | 84.49 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 97.36 | 97.22 | 97.04 | 97.36 | 97.59 | 96.86 | 99.12 (15/6) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1772.1 | 1782.6 | 1784.6 | 1790.7 | 1366.6 | 1366.6 | 1,801.7 (17/6) | 1,320.2 (2/1) | 1,801.7 (17/6/87) | 49.4 (26/6/40) |
| Gold Mines | 384.6 | 378.9 | 380.7 | 376.2 | 375.9 | 198.2 | 485.0 (14/4) | 288.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 3.24 | 3.21 | 3.21 | 3.19 | 3.22 | 4.04 | | | | |
| Earnings Yld.%(full) | 7.80 | 7.76 | 7.74 | 7.70 | 7.76 | 9.69 | | | | |
| P/E Ratio (net) (*) | 15.77 | 15.87 | 15.90 | 15.98 | 15.85 | 12.57 | | | | |
| SEAQ Bargains (5 pm) | 42,099 | 43,542 | 47,585 | 55,708 | 42,659 | — | | | | |
| Equity Turnover (£m) | — | 1513.55 | 4199.79 | 1701.88 | 1578.50 | 700.01 | | | | |
| Equity Bargains | — | 53.200 | 62,461 | 55,224 | 49,864 | 28,883 | | | | |
| Shares Traded (ml) | — | — | 820.2 | 842.2 | 670.2 | 343.5 | | | | |

**S.E. ACTIVITY**

| Indices | June 30 | June 29 |
|---|---|---|
| Gilt Edged Bargains | 123.7 | 108.2 |
| Equity Bargains | 344.7 | 404.7 |
| Equity Value | 3059.3 | 8488.9 |
| 5-Day Average | | |
| Gilt Edged Bargains | 119.3 | 125.1 |
| Equity Bargains | 344.9 | 346.1 |
| Equity Value | 4300.4 | 4331.1 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1773.5 | 1771.6 | 1770.7 | 1771.8 | 1774.3 | 1774.5 | 1774.7 | 1775.1 |

Day's High 1775.8 Day's Low 1768.2. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.46.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

### NEW HIGHS AND LOWS FOR 1987

**NEW HIGHS (292)**

CORPORATION LOANS (1), BANKS (7), BREWERS (3), BUILDINGS (14), CHEMICALS (6), STORES (19), ELECTRICALS (28), ENGINEERING (9), FOODS (8), HOTELS (6), INDUSTRIALS (54), INSURANCE (2), LEISURE (7), MOTORS (5), NEWSPAPERS (10), PAPER (15), PROPERTY (22), SHIPPING (2), SHOES (3), TEXTILES (6), TRUSTS (50), OILS (5), OVERSEAS TRADERS (2), PLANTATIONS (3), MINES (2), THIRD MARKET (3).

**NEW LOWS (4)**

LOANS (1) N'wide 3⅞pc I.L. Ln. 2021 AMERICANS (1) BASIX Corp. ELECTRICALS (1) Rodime. TRUSTS (1) India Fund.

### TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 1,600 | 189 | −1½ | Ladbroke | 1,900 | 423 | +4 |
| Allied Lyons | 505 | 426 | −3 | Land Securities | 1,100 | 567 | −15 |
| Amstrad | 5,800 | 173 | — | Legal & Gen. | 584 | 349 | — |
| Argyll Group | 3,950 | 459 | +14 | Lloyds Bank | 2,100 | 363 | −5 |
| Assoc. Brit. Foods | 418 | 400 | +2 | MEPC | 1,100 | 559 | −13 |
| BAT | 953 | 608 | +7 | Marks & Spncr | 3,800 | 240 | −5 |
| BET | 2,700 | 284 | — | Midland Bank | 1,950 | 640 | +8 |
| BOC | 232 | 498 | — | NatWest Bank | 860 | 724 | −3 |
| BPB Inds | 238 | 781 | −14 | Next | 1,000 | 328 | −8 |
| BPCC | 608 | 327 | +5 | Pearson | 134 | 726 | −3 |
| BTR | 561 | 315 | +2 | P & O | 490 | 740 | −2 |
| Barclays | 1,300 | 573 | −5 | Pilkington Bros | 1,000 | 970 | +2 |
| Bass | 277 | 982 | −12 | Plessey | 4,400 | 226½ | +½ |
| Beecham | 1,000 | 532 | −7 | Prudential | 113 | £10⅞ | −⅛ |
| Blue Circle | 649 | 499 | −1 | Racal | 2,500 | 267 | −7 |
| Boots | 3,600 | 289 | +½ | Rank Org | 23 | 770 | −4 |
| Brit. Airways | 2,500 | 145½ | −½ | RHM | 341 | 335 | −2 |
| Brit. Aero | 394 | 526 | — | Reckitt & Col | 33 | £11¼ | — |
| Brit. & Comm. | 461 | 502 | +12 | Redland | 2,200 | 519 | −3 |
| British Gas | 7,200 | 174 | −1½ | Reed Intl. | 998 | 563 | −6 |
| Britoil | 4,710 | 304½ | −4 | Reuters | 678 | 839 | −17 |
| BP | 5,900 | 386 | — | RMC | 252 | 486 | −3 |
| Brit. Telecom | 7,300 | 279 | −8 | RTZ | 1,200 | £10⅜ | +⅛ |
| Bunzl | 473 | 262 | −3 | Rolls-Royce | 6,000 | 118 | −5 |
| Burton | 2,800 | 320 | −6 | Rowntree Mac | 88 | 540 | +2 |
| Cable & Wire | 2,000 | 385 | −2 | Ryl Bank Scotland | 310 | 367 | +2 |
| Cadbury Schwps | 1,600 | 274 | −5 | Royal Insurance | 529 | 503 | −6 |
| Coats Viyella | 639 | 690 | −4 | STC | 1,900 | 304 | −1 |
| Comm. Union | 751 | 365 | −2½ | Saatchi & Saatchi | 440 | 677 | — |
| Cons. Gold | 639 | £10¼ | +⅛ | Sainsbury | 367 | 575½ | −½ |
| Cookson | 277 | 714 | +4 | Scott & Newcastle | 1,900 | 257 | −½ |
| Courtaulds | 382 | 492 | +6 | Sears | 6,300 | 158½ | +½ |
| Dee Corpn | 1,800 | 226 | +3 | Sedgwick | 1,200 | 302 | — |
| Dixons Grp. | 1,000 | 365 | −7 | Shell Trans | 2,600 | £14⅛ | +⅛ |
| English China Clays | 232 | 467 | −1 | Smith & Nephew | 243 | 180 | −½ |
| Fisons | 1,100 | 360 | −4 | Standard Chart | 907 | 773 | +15 |
| Gen. Accident | 85 | £10⅞ | — | Storehouse | 3,200 | 284 | −12 |
| Gen. Elect | 11,000 | 237 | −10 | Sun Alliance | 20 | £10 | −⅛ |
| Glaxo | 883 | £16⅛ | −¼ | TSB | 3,300 | 90¼ | — |
| Globe Investment | 388 | 179½ | −1 | Tarmac | 494 | 295 | −5 |
| Granada | 2,500 | 364 | −10 | Tesco | 112 | 570 | — |
| Grand Met | 1,200 | 534 | −6 | Thorn EMI | 448 | 799 | −2 |
| Gus "A" | 109 | £13⅛ | −⅛ | Trafalgar House | 421 | 391 | −1 |
| Guardian R.E. | 3 | £10⅞ | — | T'house Forte | 593 | 249 | −2 |
| Guinness | 1,600 | 359 | −5 | Unigate | 151 | 419 | −1 |
| Hammerson | 65 | 678 | −17 | Unilever | 599 | 663 | −4 |
| Hanson Trust | 10,500 | 176½ | +3 | United Biscuits | 292 | 328 | −2 |
| Hawker Sidd | 295 | 541 | +5 | Wellcome | 1,000 | 452 | +3 |
| Hillsdown Hldgs | 2,500 | 302 | +4 | Whitbread "A" | 592 | 361 | −2 |
| ICI | 547 | £14⅝ | −¼ | Woolworth | 694 | 419 | −9 |
| Jaguar | 727 | 525 | −10 | | | | |

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 7 | 103 | 2 |
| Corporations, Dominion and Foreign Bonds | 3 | 19 | 37 |
| Industrials | 545 | 443 | 599 |
| Financial and Properties | 159 | 157 | 282 |
| Oils | 25 | 44 | 45 |
| Plantations | 3 | 3 | 8 |
| Mines | 61 | 45 | 83 |
| Others | 44 | 111 | 109 |
| Totals | 847 | 925 | 1,135 |

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| | | Wed July 1 1987 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Tues June 30 Index No. | Mon June 29 Index No. | Fri June 26 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (213) | 954.60 | −0.4 | 7.15 | 2.85 | 17.59 | 10.75 | 958.09 | 955.31 | 955.31 | 747.81 |
| 2 | Building Materials (29) | 1235.24 | −0.6 | 6.89 | 2.78 | 18.12 | 13.90 | 1242.35 | 1241.07 | 1241.68 | 829.26 |
| 3 | Contracting, Construction (33) | 1742.17 | −0.3 | 6.88 | 2.75 | 19.50 | 19.38 | 1747.52 | 1728.48 | 1718.29 | 1280.78 |
| 4 | Electricals (13) | 2430.49 | — | 5.53 | 3.27 | 24.21 | 36.50 | 2430.43 | 2411.02 | 2396.72 | 1924.51 |
| 5 | Electronics (35) | 2113.88 | −1.6 | 7.28 | 2.32 | 17.88 | 15.24 | 2147.37 | 2129.66 | 2126.52 | 1695.08 |
| 6 | Mechanical Engineering (61) | 508.60 | +0.4 | 7.92 | 3.30 | 15.83 | 7.68 | 506.67 | 506.41 | 505.35 | 420.30 |
| 8 | Metals and Metal Forming (7) | 541.16 | +2.0 | 6.86 | 2.95 | 17.55 | 6.80 | 530.79 | 530.76 | 531.28 | 380.80 |
| 9 | Motors (14) | 367.49 | −0.3 | 8.31 | 2.90 | 13.98 | 3.42 | 368.66 | 370.15 | 371.56 | 321.42 |
| 10 | Other Industrial Materials (21) | 1543.11 | +0.2 | 6.44 | 3.14 | 18.72 | 20.86 | 1539.46 | 1543.29 | 1553.93 | 1328.64 |
| 21 | CONSUMER GROUP (188) | 1312.36 | −0.4 | 6.04 | 2.55 | 21.23 | 13.72 | 1317.78 | 1314.77 | 1320.93 | 944.12 |
| 22 | Brewers and Distillers (22) | 1183.89 | −0.9 | 7.92 | 2.99 | 15.88 | 11.67 | 1194.53 | 1194.09 | 1198.66 | 962.62 |
| 25 | Food Manufacturing (24) | 1033.33 | −0.4 | 6.78 | 2.96 | 19.18 | 14.27 | 1037.59 | 1035.64 | 1034.84 | 699.35 |
| 26 | Food Retailing (16) | 2495.09 | +0.7 | 5.13 | 2.30 | 26.65 | 21.12 | 2477.75 | 2489.14 | 2489.73 | 1830.85 |
| 27 | Health and Household Goods (10) | 2459.10 | −0.7 | 4.11 | 1.63 | 28.51 | 14.67 | 2476.14 | 2481.90 | 2527.07 | 1597.91 |
| 29 | Leisure (31) | 1385.02 | +0.2 | 5.70 | 3.09 | 23.05 | 16.21 | 1382.37 | 1378.32 | 1374.01 | 915.56 |
| 31 | Packaging & Paper (15) | 703.39 | — | 5.94 | 2.45 | 21.26 | 7.88 | 703.71 | 705.89 | 703.85 | 490.80 |
| 32 | Publishing & Printing (15) | 4447.64 | +1.2 | 5.08 | 2.74 | 25.31 | 58.32 | 4395.74 | 4382.42 | 4362.69 | 2609.71 |
| 34 | Stores (36) | 1069.67 | −1.3 | 6.74 | 2.67 | 20.06 | 12.81 | 1084.28 | 1071.37 | 1080.16 | 907.97 |
| 35 | Textiles (16) | 810.97 | +0.2 | 7.57 | 2.76 | 15.28 | 10.67 | 809.31 | 804.90 | 798.89 | 571.62 |
| 40 | OTHER GROUPS (85) | 1103.55 | −0.5 | 7.76 | 3.17 | 16.04 | 10.43 | 1109.24 | 1111.88 | 1117.22 | 806.58 |
| 41 | Agencies (16) | 1661.00 | −0.9 | 4.11 | 1.46 | 32.07 | 9.50 | 1675.68 | 1662.94 | 1650.27 | 0.0 |
| 42 | Chemicals (21) | 1333.32 | −1.0 | 7.09 | 3.18 | 17.30 | 19.49 | 1397.12 | 1400.45 | 1407.17 | 928.82 |
| 43 | Conglomerates (12) | 1426.13 | +0.7 | 7.21 | 3.20 | 15.90 | 18.93 | 1416.29 | 1426.25 | 1429.25 | 0.0 |
| 45 | Shipping and Transport (11) | 2298.33 | — | 6.78 | 3.50 | 18.54 | 37.76 | 2297.35 | 2266.27 | 2268.49 | 1527.32 |
| 47 | Telephone Networks (2) | 1081.68 | −2.4 | 9.30 | 3.74 | 14.35 | 1.09 | 1107.89 | 1121.52 | 1134.62 | 878.98 |
| 48 | Miscellaneous (23) | 1551.52 | +1.7 | 8.88 | 2.87 | 13.51 | 18.29 | 1525.37 | 1515.62 | 1521.36 | 1091.87 |
| 49 | INDUSTRIAL GROUP (485) | 1177.04 | −0.4 | 6.78 | 2.79 | 18.63 | 12.22 | 1182.08 | 1180.65 | 1184.81 | 869.15 |
| 51 | Oil & Gas (17) | 2290.27 | −0.3 | 4.78 | 4.04 | 27.10 | 37.29 | 2296.13 | 2323.26 | 2274.07 | 1218.42 |
| 59 | 500 SHARE INDEX (500) | 1271.56 | −0.4 | 6.47 | 2.98 | 19.57 | 14.41 | 1276.67 | 1277.69 | 1277.27 | 900.56 |
| 61 | FINANCIAL GROUP (118) | 820.84 | −0.4 | — | 3.59 | — | 12.88 | 824.49 | 822.47 | 817.07 | 624.72 |
| 62 | Banks (8) | 822.54 | — | 16.85 | 4.56 | 7.85 | 15.49 | 822.64 | 834.20 | 837.04 | 663.75 |
| 65 | Insurance (Life) (9) | 1150.63 | −0.6 | — | 3.66 | — | 20.71 | 1157.78 | 1151.81 | 1147.91 | 903.53 |
| 66 | Insurance (Composite) (7) | 614.07 | −0.5 | — | 3.99 | — | 11.76 | 617.31 | 610.66 | 612.51 | 495.14 |
| 67 | Insurance (Brokers) (9) | 1257.73 | −0.6 | 8.55 | 4.30 | 15.06 | 26.32 | 1265.82 | 1267.61 | 1278.48 | 1186.98 |
| 68 | Merchant Banks (11) | 415.41 | +0.8 | — | 3.24 | — | 5.53 | 412.02 | 409.83 | 401.37 | 382.52 |
| 69 | Property (46) | 1318.90 | −1.6 | 3.57 | 2.22 | 36.29 | 11.75 | 1339.94 | 1320.08 | 1288.23 | 805.95 |
| 70 | Other Financial (28) | 540.40 | +0.6 | 6.16 | 2.99 | 20.43 | 5.89 | 536.92 | 533.48 | 525.72 | 357.75 |
| 71 | Investment Trusts (92) | 1088.74 | — | — | 2.20 | — | 10.97 | 1088.98 | 1088.57 | 1087.67 | 764.88 |
| 81 | Mining Finance (2) | 515.71 | +3.1 | 6.57 | 3.22 | 17.50 | 6.79 | 500.31 | 503.41 | 503.41 | 277.40 |
| 91 | Overseas Traders (11) | 1101.06 | +0.3 | 8.25 | 4.21 | 14.38 | 23.27 | 1098.18 | 1091.35 | 1071.54 | 704.54 |
| 99 | ALL-SHARE INDEX (723) | 1149.15 | −0.3 | — | 3.06 | — | 13.85 | 1153.12 | 1153.43 | 1151.76 | 819.29 |

| | Index No. | Day's Change | Day's High | Day's Low | June 30 | June 29 | June 26 | June 25 | June 24 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ‡ | 2269.8 | −14.3 | 2273.4 | 2265.5 | 2284.1 | 2289.3 | 2291.3 | 2277.2 | 2284.0 | 1656.7 |

### FIXED INTEREST

| | PRICE INDICES | Weds July 1 | Day's change % | Tues June 30 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 123.02 | −0.17 | 123.22 | — | 5.94 |
| 2 | 5-15 years | 141.76 | −0.29 | 142.18 | — | 7.22 |
| 3 | Over 15 years | 151.51 | −0.27 | 151.93 | — | 6.85 |
| 4 | Irredeemables | 165.56 | −0.47 | 166.35 | — | 7.27 |
| 5 | All stocks | 138.26 | −0.25 | 138.61 | — | 6.78 |
| | Index-Linked | | | | | |
| 6 | 5 years | 121.49 | −0.13 | 121.65 | — | 1.57 |
| 7 | Over 5 years | 114.89 | −0.36 | 115.30 | — | 1.71 |
| 8 | All stocks | 115.26 | −0.34 | 115.65 | — | 1.69 |
| 9 | Debentures & Loans | 123.11 | +0.21 | 122.84 | — | 6.13 |
| 10 | Preference | 88.37 | −0.42 | 88.74 | — | 3.27 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Weds July 1 | Tues June 30 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low Coupons | 5 years | 8.29 | 8.27 | 7.87 |
| 2 | | 15 years | 9.05 | 9.01 | 9.00 |
| 3 | | 25 years | 9.06 | 9.02 | 9.06 |
| 4 | Medium Coupons | 5 years | 9.22 | 9.11 | 9.22 |
| 5 | | 15 years | 9.28 | 9.24 | 9.32 |
| 6 | | 25 years | 9.29 | 9.25 | 9.32 |
| 7 | High Coupons | 5 years | 9.36 | 9.26 | 9.37 |
| 8 | | 15 years | 9.43 | 9.40 | 9.48 |
| 9 | | 25 years | 9.21 | 9.18 | 9.36 |
| 10 | Irredeemables † | | 8.96 | 8.89 | 8.88 |
| | Index-Linked | | | | |
| 11 | Inflat'n rate 5% | 5 yrs | 2.63 | 2.59 | 3.97 |
| 12 | Inflat'n rate 5% | Over 5 yrs | 3.83 | 3.80 | 3.47 |
| 13 | Inflat'n rate 10% | 5 yrs | 2.31 | 2.26 | 2.77 |
| 14 | Inflat'n rate 10% | Over 5 yrs | 3.76 | 3.74 | 3.31 |
| 15 | Debs & Loans | 5 years | 10.12 | 10.15 | 10.03 |
| 16 | | 15 years | 10.12 | 10.15 | 10.31 |
| 17 | | 25 years | 10.12 | 10.15 | 10.37 |
| 18 | Preference † | | 10.27 | 10.23 | 10.56 |

‡ Opening index 2272.6; 10 am 2268.5; 11 am 2268.0; Noon 2269.2; 1 pm 2272.1; 2 pm 2271.6; 3 pm 2272.0; 3.30 pm 2272.5; 4 pm 2272.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

## LONDON TRADED OPTIONS

[illegible]

July 1. Total Contracts 43,123. Calls 26,183. Puts 16,940. FT-SE Index Calls 1,821. Puts 2,435. *Underlying security price.

## LONDON RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

مطابق للأصل

# WORLD STOCK MARKETS

## AUSTRIA

| July 1 | Price Sch% | + or − |
|---|---|---|
| Creditanstalt | 1910.00 | −9 |
| Goesser | 2680.00 | +30 |
| Interunfall | 11800 | −60 |
| Jungbunzlauer | 7750 | −30 |
| Laenderbank | 1810.00 | −5 |
| Perlmooser | 690.00 | ..... |
| Steyr-Daimler | 118.00 | +5 |
| Veitscher Mag | 769.00 | −20 |

## BELGIUM/LUXEMBOURG

| July 1 | Price Frs. | + or − |
|---|---|---|
| B.B.L. | 3250 | ..... |
| Banque Gen. Du. L. | 15300 | ..... |
| Bank Int. A. | 14300 | ..... |
| Bekaert B | 11525 | ..... |
| Ciment CBR | 5860 | ..... |
| Cockerill | 170 | −1 |
| Delhaize | 3350 | −40 |
| EBES | 5010 | −10 |
| Fabrique Nat. | 1484 | −16 |
| GB Inno BM | 1162 | −4 |
| GBL (Brux) L. | 3600 | ..... |
| Generale Bank | 6450 | +90 |
| Gevaert | 7000 | +10 |
| Hoboken | 7100 | −10 |
| Intercom | 4005 | −20 |
| Kredietbank | 4500 | −20 |
| Pan Holdings | 12450 | −150 |
| Petrofina | 11625 | −50 |
| Royale Belge | 6010 | −90 |
| Soc Gen Belge | 3860 | −20 |
| Sofina | 14700 | +125 |
| Solvay | 12600 | +50 |
| Stanwick Intl. | 450 | ..... |
| Tractebel | 7090 | −100 |
| UCB | 10000 | ..... |
| Wagons Lits | 5510 | +20 |

## DENMARK

| July 1 | Price Kr % | + or − |
|---|---|---|
| Baltica Skand | 950 | −5 |
| Cop Handelsbank | 276 | ..... |
| D. Sukkerfab | 319 | +4 |
| Den Danske Bank | 350 | +2 |
| East Asiatic | 196 | ..... |
| Forenede Brygg | 840 | ..... |
| GNT Holding | 249 | +2 |
| I.S.S.B. Systems | 770 | −15 |
| Jyske Bank | 535 | +5 |
| Novo Inds.* | 268 | −8 |
| Privatbanken | 274 | ..... |
| Sophus Berendsen | 895 | ..... |
| Superfos | 237 | ..... |

## FINLAND

| July 1 | Price Mka | + or − |
|---|---|---|
| Amer | 242.5 | +11.5 |
| KOP | 50.8 | −0.1 |
| Kone | 229 | −1.5 |
| Finnish Sugar | 93.5 | +0.5 |
| Nokia | 185 | ..... |
| Pohjola 'B' | 80.35 | −2.1 |
| Rauma-Repola | 27.8 | +0.05 |
| Stockmann 'B' | 243 | −3 |
| UBF 'C' | 32.45 | −1.05 |
| Utd. Paper | 161.5 | +3 |
| Wartsila (S11) | 226.5 | +8 |

## FRANCE

| July 1 | Price Frs. | + or − |
|---|---|---|
| Emprunt 4½% '73 | 1863 | −5 |
| Emprunt 7% 1973 | 8800 | +20 |
| Accor | 465 | −5 |
| Agence Havas | 514 | ..... |
| Air Liquide | 681 | +3 |
| BIC | 740 | ..... |
| BNP (Cert. Inv.) | 553 | ..... |
| Bongrain | 2800 | ..... |
| Bouygues | 1105 | +31 |
| BSN Gervais | 4630 | +10 |
| CIT-Alcatel | 2379 | +49 |
| Carrefour | 3189 | +70 |
| Club Mediterranean | 576 | −10 |
| Cie Bancaire | 682 | +14 |
| Cofimeg | 351 | −6 |
| CGE | 315 | −1 |
| Damart | 2600 | −5 |
| Darty | 418 | +22 |
| Dumez S.A. | 2130 | −6 |
| Eaux (Cie Gen) | 1240 | −4 |
| Elf-Aquitaine | 354.90 | −10.6 |
| Essilor | 3540 | +10 |
| Gen. Occidentale | 1154 | −4 |
| Imetal | 132.80 | +0.4 |
| Lafarge Coppee. | 1530 | −20 |
| L'Oreal | 3456 | +6 |
| Legrand | 5340 | −110 |
| Maisons Phenix | 77 | −4.5 |
| Matra S.A. | 2280 | −5 |
| Michelin B | 3115 | −5 |
| Midi (Cie) | 1308 | ..... |
| Moet-Hennessy | 2625 | +20 |
| Moulinex | 76 | −1 |
| Nord Est | 165 | +2.5 |
| Paribas | 459 | −1 |
| Pernod Ricard | 966 | +6 |
| Perrier | 778 | +4 |
| Petroles Fra | 455 | +3 |
| Peugeot S.A. | 1518 | +8 |
| Printemps Au | 663 | −4 |
| Radiotech | 1425 | +17 |
| Redoute | 2956 | +1 |
| Roussel-Uclaf | 1470 | +20 |
| St. Gobain | 425 | −5 |
| Sefimeg | 491 | −5 |
| Skis Rossignol | 1175 | +10 |
| Telemech Elect | 2910 | −10 |
| Thomson (CSF) | 1333 | −7 |
| Valeo | 575 | +10 |

## GERMANY

| July 1 | Price Dm. | + or − |
|---|---|---|
| AEG | 312.00 | +1 |
| Allianz Vers | 1838.00 | +63 |
| BASF | 296.50 | +1 |
| Bayer | 326.50 | +0.5 |
| Bayer-Hypo | 424.00 | +6 |
| Bayer-Verein | 422.00 | +7 |
| BHF-Bank | 433.00 | ..... |
| BMW | 669.00 | −9 |
| Brown Boveri | 310.00 | ..... |
| Commerzbank | 269.50 | ..... |
| Cont'l Gummi | 326.00 | −4.7 |
| Daimler-Benz | 1090.00 | −10 |
| Degussa | 492.00 | +7 |
| D'sche Babcock | 230.00 | ..... |
| Deutsche Bank | 633.00 | −1.5 |
| Dresdner Bank | 326.50 | −3 |
| Feld Muehle Nob | 332.50 | +4.5 |
| Henkel | 526.50 | +0.5 |
| Hochtief | 615.00 | −11.5 |
| Hoechst | 296.40 | −0.6 |
| Hoesch Werke | 118.00 | +1.8 |
| Holzmann (P) | 402.00 | +2 |
| Horten | 220.00 | −1.2 |
| Hussel | 559.00 | −8 |
| Karstadt | 466.50 | ..... |
| Kaufhof | 466.50 | +0.3 |
| KHD | 173.00 | +0.6 |
| Kloeckner | 40.20 | +0.2 |
| Linde | 725.00 | +2 |
| Lufthansa | 189.00 | +10.5 |
| MAN | 175.50 | ..... |
| Mannesmann | 165.00 | +2.5 |
| Mercedes Hld. | 940.00 | ..... |
| Metallgesell | 339.50 | +4.5 |
| Muench Rueck | 1880 | +10 |
| Nixdorf | 798.00 | −8.5 |
| Porsche | 965.00 | −5 |
| Preussag | 158.00 | −2 |
| Rhein West Elect | 215.80 | −0.2 |
| Rosenthal | 257.00 | ..... |
| Schering | 579.00 | +14 |
| Siemens | 685.60 | −21.4 |
| Thyssen | 122.50 | −0.3 |
| Varta | 341.00 | ..... |
| Veba | 308.50 | +1.3 |
| V.E.W. | 174.00 | +8.7 |
| Verein-West | 405.00 | +2 |
| Volkswagen | 411.50 | −5.5 |

## ITALY

| July 1 | Price Lire | + or − |
|---|---|---|
| Banca Com'le | 23499 | ..... |
| Bastogi-IRBS | 640.00 | −7 |
| CIR | 6040 | ..... |
| Credito Italian | 1970 | ..... |
| Fiat | 12860 | −40 |
| Generali Assicur | 132000 | −450 |
| Italcementi | 101400 | ..... |
| La Rinascenti | 1235 | ..... |
| Montedison | 2380 | ..... |
| Olivetti | 12400 | −410 |
| Pirelli Co | 6380 | ..... |
| Pirelli Spa | 5060 | ..... |
| Saipem | 3499 | ..... |
| Snia BPD | 3600 | ..... |
| Toro Assic | 31070 | ..... |

## NETHERLANDS

| July 1 | Price Fls. | + or − |
|---|---|---|
| ACF Holding | 61.00 | −0.5 |
| AEGON | 93.50 | −1 |
| Ahold | 103.90 | −0.9 |
| AKZO | 154.30 | −1.9 |
| ABN | 479.00 | −4.5 |
| AMEV | 64.10 | −1.1 |
| AMRO | 77.40 | −1 |
| Bredero Cert | 12.00xc | ..... |
| Buehrmann-Tet | 53.40 | −0.6 |
| Dordtsche Petroleum | 245.50 | −2.3 |
| Elsevier Ndv | 53.70 | −0.2 |
| Fokker | 52.80 | −0.2 |
| Gist Brocades | 45.40 | −0.6 |
| Heineken | 177.80 | −1.7 |
| Hoogovens | 43.30 | −1 |
| Hunter Douglas | 54.90 | −0.6 |
| IHC Caland | 22.00 | −0.1 |
| Int Mueller | 66.00 | −0.8 |
| KLM | 50.80 | +0.1 |
| KNP | 146.20 | −0.3 |
| Nat Ned Cert | 72.50 | −0.5 |
| Ned Mid Bank | 171.50 | −2.5 |
| Ned Lloyd | 150.00 | −3.5 |
| Oce Grinten | 455.00 | +3 |
| Ommeren (Van) | 36.80 | −0.4 |
| Pakhoed | 76.00 | +0.2 |
| Philips | 50.70 | −0.9 |
| Robeco | 105.80 | −0.9 |
| Rodamco | 139.60 | +0.1 |
| Rolinco | 98.00 | −1.3 |
| Rorento | 52.30 | −0.2 |
| Royal Dutch | 272.70 | −1.1 |
| Unilever | 135.00 | −1.8 |
| VMF Stork | 24.20 | +0.1 |
| VNU | 85.10 | −1.2 |
| Wessanen | 89.50 | +2 |
| Wolters Samsom | 131.80 | ..... |

## NORWAY

| July 1 | Price Kroner | + or − |
|---|---|---|
| Aker-Norcem | 79.00 | ..... |
| Bergen bank | 173.50 | ..... |
| Bergesen B | 375.00 | ..... |
| Christiania Bk | 179.00 | +1 |
| Den Norsk Credit | 152.50 | ..... |
| Elkem | 102.50 | +0.5 |
| Kosmos | 134.00 | −2.5 |
| Kvaerner | 220.00 | +2 |
| Norsk Data | 216.50 | −0.5 |
| Norsk Hydro | 212.00 | +0.5 |
| Orkla Borregaar | 398.00 | +30 |
| Storebrand | 342.00 | −3 |

## SPAIN

| July 1 | Price Pts. | + or − |
|---|---|---|
| Banco Bilbao | 1345 | −13 |
| Banco Central | 1033 | ..... |
| Banco Exterior | 420 | −5 |
| Banco Hispano | 499 | ..... |
| Banco Popular | 1590 | +10 |
| Banco Santander | 1147 | +10 |
| Banco de Vizcaya | 1850 | ..... |
| Banesto | 750 | −34 |
| Dragados | 860 | −10 |
| Hidrola | 78.50 | −6.5 |
| Iberduero | 120.50 | −5.2 |
| Petroleos | 542 | −1 |
| Telefonica | 193 | −2 |

## SWEDEN

| July 1 | Price Kronor | + or − |
|---|---|---|
| AGA (free) | 208 | +1 |
| Alfa-Laval | 312 | −6 |
| ASEA (Free) | 357 | −3 |
| Astra (Free) | 281 | ..... |
| Atlas Copco | 170 | −2 |
| Beijer A Fria | 229 | ..... |
| Cardo (Free) | 230 | ..... |
| Cellulosa | 345 | ..... |
| Electrolux B | 285 | −2 |
| Ericsson | 240 | −9 |
| Esselte | 161 | +1 |
| Mo Och Domsjo | 383 | −2 |
| Pharmacia | 201 | −1 |
| Saab-Scania (free) | 630 | ..... |
| Sandvik | 170 | −1 |
| Skandia Ins | 149 | −1 |
| Skan Enskilda | 128 | −1 |
| SKF | 338 | −5 |
| St. Kopparbergs | 386 | +1 |
| Svea Handelsbn | 440 | −3 |
| Swedish Match | 104 | ..... |
| Volvo B (Free) | 310 | +1 |

## SWITZERLAND

| July 1 | Price Frs. | + or − |
|---|---|---|
| Adia Intl. | 11500 | −400 |
| Alusuisse | 650 | −10 |
| Bank Leu | 3200 | −25 |
| Brown Boveri | 2335 | −40 |
| Ciba Geigy | 3650 | −40 |
| do. (PtCts) | 2450 | −30 |
| Credit Suisse | 3130 | −35 |
| Elektrowatt | 3600 | ..... |
| Fischer (Geo.) | 1460 | −35 |
| Hoff-Roche (Pt Cts) | 132000 | −1000 |
| Hoff-Roche 1/10 | 13275 | −50 |
| Jacobs Suchard | 8975 | −125 |
| Jelmoli | 3525 | −75 |
| Landis & Gyr | 1610 | +30 |
| Nestle | 9700 | −75 |
| Oer-Buhrle | 1345 | +10 |
| Pargesa Hldg | 2220 | ..... |
| Pirelli | 429 | −3 |
| Sandoz (Br) | 12450 | −150 |
| Sandoz (PtCts) | 2120 | −25 |
| Schindler (PtCts) | 815 | −5 |
| Sika | 1640 | ..... |
| Surveillance | 6525 | −25 |
| Swissair | 1320 | −20 |
| Swiss Bank | 454 | −11 |
| Swiss Reinsce | 16900 | −100 |
| Swiss Volksbk | 2120 | −20 |
| Union Bank | 4700 | −90 |
| Winterthur | 6550 | −25 |
| Zurich Ins | 6650 | −50 |

## AUSTRALIA

| July 1 | Price Aust$ | + or − |
|---|---|---|
| ACI Int. | 4.00 | ..... |
| A.F.P. | 2.55 | ..... |
| Adelaide Steams | 8.24 | +0.14 |
| Amcor | 4.75 | +0.05 |
| ANZ Group | 4.12 | −0.06 |
| Ampol Pet | 3.10 | ..... |
| Ariadne Aust | 2.75 | +0.03 |
| Ashton | 3.40 | +0.04 |
| Aust Guarant | 2.82 | −0.03 |
| Aust Nat Inds | 1.98 | +0.01 |
| Bell Group | 7.66 | −0.04 |
| Bell Resources | 4.08 | +0.02 |
| Bond Corp Hldgs | 2.49 | +0.01 |
| Boral | 5.10 | −0.04 |
| B'ville Copper | 4.20 | ..... |
| Brambles Inds | 9.00 | +0.1 |
| Bridge Oil | 1.55 | +0.03 |
| BHP | 9.74 | +0.02 |
| BHP Gold | 1.24 | +0.04 |
| Burns Philp | 4.40 | ..... |
| CRA | 8.32 | +0.02 |
| CSR | 4.02 | +0.02 |
| Chase Corp | 2.80 | −0.02 |
| Claremont Petro | 1.10 | ..... |
| Coles Myer | 7.20 | +0.1 |
| Comalco "A" | 3.45 | ..... |
| Consolidated Pet | 0.18 | +0.01 |
| Costain Aust | 2.40 | ..... |
| Elders IXL | 4.75 | −0.02 |
| Energy Res | 2.65 | −0.05 |
| Gen Prop Trust | 3.32 | −0.03 |
| Goodman Fielder | 3.75 | +0.05 |
| Hardie (J.) | 3.60 | −0.05 |
| Hartogen Energy | 3.28 | +0.03 |
| ICI Aust | 4.10 | +0.1 |
| Industrial Equity | 4.50 | ..... |
| Jimberlana (50cFP) | 0.50 | −0.05 |
| Jones (David) | 10.50 | −0.1 |
| Kia Ora Gold | 1.10 | ..... |
| Kidston Gold | 6.70 | +0.1 |
| Lend Lease | 14.30 | +0.15 |
| MIM | 2.30 | +0.01 |
| Mayne Nickless | 4.56 | −0.04 |
| Nat. Aust. Bank | 4.65 | ..... |

## AUSTRALIA (Continued)

| July 1 | Price Aust$ | + or − |
|---|---|---|
| News | 18.90 | +0.4 |
| Noranda Pacific | 3.70 | +0.1 |
| North Bkn Hill | 2.80 | +0.08 |
| Oakbridge | 0.58 | +0.03 |
| Pacific Dunlop | 4.87 | +0.02 |
| Pancont'l | 3.50 | ..... |
| Pioneer Conc | 3.35 | −0.03 |
| Placer Pacific | 3.50 | ..... |
| Poseidon | 4.85 | +0.05 |
| Queensland Coal | 1.56 | ..... |
| Santos | 6.66 | −0.04 |
| Smith (H.) | 4.75 | +0.05 |
| Thos Natwide | 4.35 | −0.05 |
| Tooth | 7.96 | ..... |
| Vamgas | 3.70 | ..... |
| Western Mining | 6.40 | +0.34 |
| Westpac | 4.85 | −0.03 |
| Woodside Petrol | 1.95 | −0.15 |
| Woolworths | 3.20 | ..... |
| Wormald Intl | 3.25 | +0.1 |

## HONG KONG

| July 1 | Price H.K.$ | + or − |
|---|---|---|
| Bank East Asia | 25.80 | −0.4 |
| Cathy Pacific | 6.30 | +0.1 |
| Cheung Kong | 12.40 | −0.3 |
| China Light | 23.10 | −0.1 |
| Evergo | 0.68 | ..... |
| Hang Lung | 14.50 | −0.2 |
| Hang Seng Bank | 40.75 | −0.25 |
| Henderson Land | 6.80 | +0.05 |
| Hong Kong China | 18.40 | ..... |
| HK Electric | 9.30 | −0.05 |
| HK Land | 7.15 | +0.1 |
| HK Shanghai Bank | 9.05 | −0.1 |
| HK Telephone | 13.90 | ..... |
| Hutchison Wpa | 13.20 | −0.2 |
| Indust Equity P | 20.70 | +0.4 |
| Jardine Math | 18.20 | +0.4 |
| New World Dev | 12.70 | −0.2 |
| SHK Props | 16.80 | −0.1 |
| Shell Elec. Mfg | 1.45 | −0.03 |
| Swire Pac A | 23.30 | −0.2 |
| TV-B | 14.20 | ..... |
| Wharf Hldgs | 9.70 | +0.5 |
| Windsor Ind | 12.30 | −0.1 |
| World Int Hldgs | 4.10 | −0.05 |

## JAPAN

| July 1 | Price Yen | + or − |
|---|---|---|
| Ajinomoto | 3130 | +30 |
| All Nippon Air | 1760 | −10 |
| Alps Electric | 2340 | −60 |
| Asahi Chemicals | 1160 | +20 |
| Asahi Glass | 1880 | −50 |
| Bank Tokyo | 1610 | −40 |
| Bridgestone | 1040 | −10 |
| Brother Inds. | 663 | +12 |
| Canon | 924 | −27 |
| Casio Computers | 1290 | −20 |
| Chugai Pharm | 1900 | +10 |
| Daiei | 1800 | +10 |
| Dai Ichi Kan Bank | 3100 | ..... |
| Dai Nippon Ink | 795 | +15 |
| Dai Nippon Ptg | 2140 | −40 |
| Daiwa House | 2380 | +70 |
| Daiwa Sec | 2880 | +140 |
| Eisai | 2300 | +20 |
| Fanuc | 6050 | −100 |
| Fuji Bank | 3180 | −70 |
| Fuji Film | 3830 | −30 |
| Fujisawa | 2260 | +20 |
| Fujitsu | 1140 | +10 |
| Furukawa Elect | 713 | −7 |
| Green Cross | 2660 | ..... |
| Heiwa Real Es | 1690 | +10 |
| Hitachi | 1190 | −10 |
| Hitachi Credit | 1640 | −20 |
| Honda | 1620 | −50 |
| Indl Bank Japan | 4240 | −60 |
| Ishikawajima Ha | 645 | +25 |
| Isuzu Motors | 392 | +7 |
| Itoh (C) | 770 | +1 |
| Ito Yokado | 4000 | −40 |
| JAL | 13500 | −200 |
| Jusco | 1710 | −10 |
| Kajima | 1690 | +60 |
| Kao Soap | 2050 | −20 |
| Kawasaki Steel | 240 | +4 |
| Kirin | 2530 | −10 |
| Kobe Steel | 262 | ..... |
| Komatsu | 675 | −3 |
| Konishiroku | 859 | −31 |
| Kubota | 379 | −1 |
| Kumagai | 1090 | ..... |
| Kyoto Ceramic | 5640 | −230 |
| Marubeni | 505 | −6 |
| Marui | 3370 | −100 |
| Mazda Motors | 423 | −2 |
| Meiji Seika | 1140 | −10 |
| MEI | 2250 | −30 |
| M'bishi Bank | 3100 | −100 |
| M'bishi Chem | 1230 | +60 |
| M'bishi Corp | 1300 | +70 |
| M'bishi Elec | 665 | −10 |
| M'bishi Estate | 2820 | +120 |
| MHI | 591 | +9 |
| Mitsui Bank | 2450 | ..... |
| Mitsui Co. | 750 | −10 |
| Mitsui Estate | 2440 | +160 |
| Mitsui Toatsu | 740 | +5 |
| Mitsukoshi | 1740 | −30 |
| NGK Insulators | 905 | +15 |
| Nikko Sec. | 2350 | +150 |
| Nippon Denso | 1600 | −20 |
| Nippon Elect | 2110 | −50 |
| Nippon Express | 1170 | −20 |
| Nippon Gakki | 1550 | −50 |
| Nippon Kogaku | 875 | −7 |
| Nippon Kokan | 268 | −1 |
| Nippon Oil | 1360 | −10 |

## JAPAN (Continued)

| July 1 | Price Yen | + or − |
|---|---|---|
| Nippon Seiko | 560 | ..... |
| Nippon Shimpan | 1310 | −20 |
| Nippon Steel | 319 | +14 |
| Nippon Suisan | 601 | −11 |
| Nippon Yusen | 585 | −2 |
| Nissan Motor | 714 | −16 |
| Nisshin Flour | 1260 | −20 |
| Nomura | 4590 | +260 |
| Olympus | 1100 | −30 |
| Onada Cement | 678 | ..... |
| Orient Finance | 1500 | −20 |
| Orient Leasing | 3750 | −200 |
| Pioneer | 3010 | −70 |
| Ricoh | 1040 | ..... |
| Sankyo | 1860 | −60 |
| Sanwa Bank | 2900 | +90 |
| Sanyo Elect | 557 | −8 |
| Sapporo | 1980 | +80 |
| Sekisui House | 2370 | +40 |
| Seven-Eleven | 8150 | −100 |
| Sharp | 1170 | −10 |
| Shimizu Const | 959 | +45 |
| Shionogi | 1750 | +10 |
| Shiseido | 2060 | +10 |
| Showa Denko | 669 | −2 |
| Sony | 4150 | −100 |
| S'tomo Bank | 3850 | −70 |
| Sumitomo Chem | 939 | +24 |
| Sumitomo Corp | 1010 | +15 |
| S'tomo Elect | 1790 | −40 |
| S'tomo Metal | 230 | +7 |
| Taisei Corp | 1050 | +30 |
| Taisho Marine | 1160 | +10 |
| Taiyo Kobe Bank | 1610 | ..... |
| Takeda | 3170 | −10 |
| TDK | 4000 | −50 |
| Teijin | 820 | +24 |
| Toa Nenryo Kyo | 2070 | +40 |
| Tokai Bank | 2280 | +30 |
| Tokyo Marine | 2160 | +10 |
| Tokyo Elect Pwr | 6370 | +30 |
| Tokyo Gas | 1100 | +50 |
| Tokyu Corp | 1740 | +70 |
| Toppan Print | 1650 | −10 |
| Toray | 701 | −7 |
| Toshiba Elect | 680 | −24 |
| Toyo Seikan | 2500 | −110 |
| Toyota Motor | 1890 | −60 |
| UBE Inds | 465 | +2 |
| Victor | 3130 | −30 |
| Yamaha | 818 | −12 |
| Yamaichi Sec | 2360 | +80 |
| Yamanouchi | 4350 | +110 |
| Yamazaki | 1640 | +30 |
| Yasuda Fire | 1110 | +30 |

## SINGAPORE

| July 1 | Price $ | + or − |
|---|---|---|
| Boustead Hldgs | 2.00 | −0.02 |
| Cerebos Pacific | 5.70 | +0.1 |
| Cold Storage | 4.60 | ..... |
| DBS | 14.20 | +0.1 |
| Genting | 6.65 | ..... |
| Haw Par Bros | 5.05 | ..... |
| Hong Leong Fin. | 4.80 | ..... |
| Inchcape Bhd | 5.45 | ..... |
| Keppel Shipyard | 3.66 | +0.02 |
| Malay Banking | 7.60 | ..... |
| Malayan Utd. Ind | 2.43 | +0.01 |
| Multi Purpose | 0.90 | −0.01 |
| OCBC | 9.40 | −0.05 |
| OUB | 4.54 | ..... |
| Public Bank | 2.53 | −0.01 |
| Sime Darby | 3.46 | −0.02 |
| Singapore Air | 12.80 | −0.1 |
| Singapore Press | 8.95 | −0.05 |
| Straits Trading | 4.44 | ..... |
| Tat Lee Bank | 3.50 | ..... |
| UOB | 5.80 | +0.05 |

## SOUTH AFRICA

| July 1 | Price Rand | + or − |
|---|---|---|
| Abercom | 3.05 | −0.1 |
| AE & CI | 17.25 | −0.5 |
| Allied Tech. | 150.00 | ..... |
| Anglo Am Coal | 33.50 | −0.5 |
| Anglo Am Corp | 82.00 | +0.25 |
| Anglo Am Gold | 368.00 | −28 |
| Barclays Bank | 21.50 | ..... |
| Barlow Rand | 24.40 | ..... |
| Buffels | 73.00 | +1 |
| CNA Gallo | 4.50 | ..... |
| Currie Finance | 5.50 | +0.1 |
| De Beers | 40.75 | +0.25 |
| Driefontein | 80.50 | +1.25 |
| Freegold | 53.00 | +0.5 |
| Gold Fields SA | 80.00 | ..... |
| Highveld Steel | 6.85 | +0.05 |
| Malcor Hldgs | 19.25 | ..... |
| Nedbank | 8.20 | +0.05 |
| OK Bazaars | 18.50 | ..... |
| Rembrandt | 15.00 | ..... |
| Rust Plat | 52.25 | +0.25 |
| Safren | 28.00 | ..... |
| Sage Holdings | 16.00 | ..... |
| SA Brewers | 19.00 | ..... |
| Smith (C.G.) | 44.50 | ..... |
| Tongaat Hulett | 12.40 | ..... |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

# Indices

## NEW YORK-DOW JONES

| | July 1 | June 30 | June 29 | June 26 | June 25 | June 24 | 1986/87 High | 1986/87 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 2,409.78 | 2,418.53 | 2,448.91 | 2,438.88 | 2,451.05 | 2,428.41 | 2481.86 (25/6/87) | 1927.31 (2/1) | 2451.05 (25/6/87) | 41.22 (2/7/32) |
| Transport | 1,023.45 | 1,028.90 | 1,029.5 | 1,029.78 | 1,039.25 | 1,027.28 | 1029.79 (26/6/87) | 816.38 (2/1) | 1038.25 (25/6/87) | 12.32 (8/7/32) |
| Utilities | 205.85 | 205.80 | 207.22 | 207.11 | 210.10 | 207.51 | 227.83 (22/1/87) | 191.38 (20/5) | 227.83 (8/4/87) | 10.5 (8/4/32) |
| Trading vol | − | 188.26m | 142.49m | 150.34m | 173.52m | 154.18m | − | − | − | − |

| | June 26 | June 19 | June 12 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 2.82 | 2.81 | 2.83 | 3.59 |

## STANDARD AND POORS

| | July 1 | June 30 | June 29 | June 26 | June 25 | June 24 | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 348.37 | (−) | 367.53 | 365.73 | 368.31 | 356.36 | 358.31 (25/6/87) | 274.58 (2/1/87) | 355.73 (26/6/87) | 3.62 (21/6/32) |
| Composite | 302.04 | 304.00 | 307.00 | 307.20 | 308.86 | 306.26 | 308.65 (22/6/87) | 246.45 (2/1/87) | 308.65 (22/6/87) | 4.40 (1/6/32) |

| | June 24 | June 17 | June 10 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 2.48 | 2.42 | 2.48 | 3.77 |
| Ind. P/E Ratio | 23.46 | 23.25 | 22.71 | 11.54 |
| Long Gov Bond Yield | 8.4 | 8.46 | 8.73 | 7.91 |

## N.Y.S.E. ALL COMMON

| July 1 | June 30 | June 29 | June 26 | 1987 High | 1987 Low |
|---|---|---|---|---|---|
| 170.87* | 171.87 | 172.88 | 172.67 | 178.77 (22/6) | 141.81 (21/1) |

### RISES AND FALLS

| | June 30 | June 29 | June 26 |
|---|---|---|---|
| Issues traded | 1,978 | 1,945 | 1,938 |
| Rises | 581 | 707 | 591 |
| Falls | 993 | 814 | 903 |
| Unchanged | 386 | 424 | 444 |

## TORONTO

| | July 1 | June 30 | June 29 | June 26 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,778.2 | 2,778.2 | 2,763.8 | 2,788.7 | 2,843.6 (11/5/87) | 1,988.2 (2/1/86) |
| Composite | 3,748.2 | 3,748.2 | 3,733.5 | 3,727.28 | 3,881.2 (6/4/87) | 3,087.8 (2/1/86) |
| MONTREAL Portfolio | 1,888.42 | 1,888.42 | 1,884.64 | 1,888.12 | 1,935.8 (6/4/87) | 1,534.3 (2/1/85) |

* Indicates pre-close figure

| | July 1 | June 30 | June 29 | June 26 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord (1/1/80) | 1774.0 | 1765.8 | 1761.9 | 1748.3 | 1858.8 (18/5) | 1486.7 (2/2) |
| Metals & Minerals (1/1/80) | 1051.5 | 1029.0 | 1033.1 | 1006.6 | 1287.5 (28/5) | 729.1 (2/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 185.74 | 185.94 | (u) | 182.26 | 230.60 (2/1) | 182.21 (19/6) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/84) | 4780.22 | 4786.80 | 4800.76 | 4793.60 | 4800.76 (29/6) | 3987.86 (9/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | (u) | 206.85 | 207.96 | 208.64 | 217.57 (22/1) | 189.64 (6/1) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 565.9 | 560.6 | 554.4 | 552.90 | 565.9 (1/7) | 425.2 (5/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | (u) | 404.50 | 404.60 | 401.40 | 460.4 (26/3) | 392.0 (2/1) |
| Ind Tendance (31/12/86) | 101.90 | 101.80 | 101.70 | 100.80 | 117.2 (26/3) | 97.8 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 608.83 | 619.23 | 624.68 | 625.01 | 676.84 (6/1) | 538.32 (19/3) |
| Commerzbank (1/12/53) | 1841.20 | 1873.10 | 1892.20 | 1891.60 | 2048.3 (6/1) | 1633.8 (19/3) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 3163.99 | 3178.19 | 3151.98 | 3138.68 | 3178.98 (24/6) | 2449.88 (20/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital (1972) | 685.56 | 691.27 | 691.18 | 702.09 | 767.34 (30/4) | 673.60 (3/3) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 24252.38 | 24176.40 | 24509.41 | 25049.83 | 25929.42 (17/6) | 18544.0 (13.1) |
| Tokyo SE New (4/1/68) | 2042.53 | 2039.08 | 2076.91 | 2130.64 | 2258.56 (11/6) | 1557.46 (13/1) |
| **NETHERLANDS** | | | | | | |
| ANP CBS Gen (1970) | 303.50 | 306.80 | 306.60 | 305.60 | 306.80 (30/6) | 257.7 (28/1) |
| ANP CBS Indust. (1970) | 259.00 | 20.700 | 262.50 | 263.00 | 274.9 (5/1) | 245.60 (11/6) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 432.00 | 432.26 | 429.57 | 431.46 | 436.16 (24/4) | 361.98 (2/2) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 1261.18 | 1261.04 | 1265.70 | 1260.77 | 1265.70 (29/6) | 889.08 (2/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | (u) | 2060.0 | 2047.0 | 2032.0 | 2308.0 (27/4) | 1786.0 (19/3) |
| JSE Indust (28/9/78) | (u) | 1923.0 | 1914.0 | 1906.0 | 1957.0 (19/5) | 1423.0 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 246.24 | 247.58 | 246.87 | 242.83 | 255.95 (23/2) | 202.89 (8/5) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (31/12/56) | 2689.80 | 2704.60 | 2711.40 | 2709.68 | 2782.10 (6/5) | 2111.39 (28/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Corp (31/12/58) | 610.40 | 613.00 | 612.70 | 612.0 | 613.30 (22.6) | 564.5 (25/2) |
| **WORLD** | | | | | | |
| M.S.Capital Intl. (1/1/70) | (u) | 459.20 | 464.60 | 470.10 | 480.30 (12/6) | 361.3 (2/1) |

**Saturday June 27: Nikkei Index: 24,902.72.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

## NYSE-Consolidated 1500 Actives

| | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|
| Santa Fe | 3,138,400 | 52⅛ | +2⅛ |
| Bk Tx Gp | 2,586,400 | ⅝ | −1/32 |
| ATT | 2,478,200 | 28⅝ | +⅜ |
| Mobil Inc | 1,715,200 | 22½ | unch |
| Hosp Corp | 1,561,600 | 48¼ | −⅛ |
| Mental | 1,513,400 | 18⅝ | +⅜ |
| Pacific Tel | 1,488,700 | 26½ | unch |
| Hanson Tr. | 1,456,400 | 14½ | +⅛ |
| Bell Nor | 1,418,300 | 80⅝ | −2 |
| IBM | 1,372,400 | 164½ | +2 |

Advances 514 Declines 748

## LONDON – Most Active Stocks
### Wednesday, July 1, 1987

| | Stocks Traded | Closing Price | Change on Day |
|---|---|---|---|
| Gen Elect | 11.8m | 237 | −10 |
| Hanson Tr. | 10.5m | 176½ | +3 |
| Brit Telecom | 7.3m | 278 | −8 |
| Brit Gas | 7.2m | 174 | −1½ |
| Sears | 6.3m | 158½ | +½ |
| Rolls Royce | 6.0m | 118 | −5 |
| Amstrad | 5.8m | 173 | unch |
| BP | 5.8m | 386 | unch |
| Bristol | 4.7m | 384½ | −4 |
| Plessey | 4.4m | 226½ | +½ |

## TOKYO – Most Active Stocks
### Wednesday, July 1, 1987

| | Stocks Traded | Closing Prices | Change on Day |
|---|---|---|---|
| Nippon Steel | 64.80m | 318 | +14 |
| Mitsubishi Elec | 43.85m | 665 | −10 |
| Tokuyama Soda | 25.37m | 773 | +33 |
| Toshiba | 17.85m | 680 | −10 |
| Nippon Kokan | 17.48m | 268 | −1 |
| Mitsubishi Heavy Ind. | 16.95m | 591 | +9 |
| Fuji Elec | 15.40m | 881 | −1 |
| Kawasaki Steel | 14.23m | 240 | +4 |
| Ishikawaj.H.Heavy Ind | 12.48m | 645 | +25 |
| Mitsubishi Chem | 12.36m | 1,230 | +60 |

## LONDON Chief price changes
(In pence unless otherwise indicated)

| RISES: | | |
|---|---|---|
| Acs. Jwlry | 313 | +50 |
| Argyll Gr. | 459 | +14 |
| Brit Vita | 534 | +16 |
| CCA Galls. | 153 | +47 |
| Cty & Foreign | 255 | +23 |
| Courts 'A' | 233 | +17 |
| Cornhill | 780 | +31 |
| Goode Durr. | 251 | +13 |
| Gt Wstn Res. | 226 | +18 |
| Johns. Matthey | 403 | +19 |
| Lanca | 125 | +28 |
| Mercury Intl. | 466 | +20 |
| Reed Exec. | 945 | +70 |
| Rothmans Intl. | 391 | +27 |
| Stand. Chrtd | 773 | +15 |
| Tott. Hotspur | 179 | +25 |

| FALLS: | | |
|---|---|---|
| Christies Intl. | 579 | −13 |
| GEC | 237 | −10 |
| Gt Port. Estates | 306 | −9 |
| Land Secs | 567 | −15 |
| Mersey Dcks | 121 | −29 |
| TVS | 374 | −18 |

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 35 | 20⅛ | AAR s | .50 | 1.6 | 22 | 103 | 32½ | 31¾ | 32¼ | +⅛ |
| 37 | 21⅞ | ADT | .92 | 2.9 | 18 | 1151 | 32¼ | 31⅜ | 32⅛ | +¼ |
| 27¾ | 16¾ | AFG s | .16 | .6 | 12 | 367 | 27 | 25½ | 25⅝ | −⅜ |
| 22⅜ | 8⅝ | AGS s | | | 18 | 832 | 17⅝ | 17 | 17¼ | +½ |
| 9⅝ | 4⅞ | AM Intl | | | | 768 | 7⅝ | 7⅜ | 7⅜ | |
| 62⅞ | 47¼ | AMR | | | 12 | 6865 | 59⅛ | 57½ | 58 | −1¼ |
| 11¾ | 8 | ARX s | | | 12 | 80 | 10½ | 10⅜ | 10½ | +⅛ |
| 73½ | 28¾ | ASA | 2a | 3.5 | | 463 | 57¾ | 56⅞ | 57¾ | +⅛ |
| 20 | 9¾ | AVX | | 1.8 | 88 | 932 | 17⅞ | 17¾ | 17⅞ | |
| 67 | 41 | AbtLab | 1 | 1.6 | 26 | 3689 | 62½ | 61⅜ | 62⅜ | |
| 28¾ | 16⅝ | AccoWs | .44 | 1.5 | 26 | 2744 | 28½ | 28½ | 28½ | |
| 15⅛ | 9 | AcmeC | .40 | 3.1 | 9 | 108 | 13⅛ | 12¾ | 13 | +¼ |
| 23⅞ | 19 | AdaEx | 3.42e | 15. | | 69 | 22⅝ | 22⅛ | 22¼ | |
| 19½ | 11⅜ | AdmM s | .24 | 1.5 | 12 | 10 | 16⅛ | 16⅛ | 16⅛ | +⅛ |
| 25⅛ | 12⅛ | AdvSys | .62t | 2.5 | 18 | 164 | 25 | 24⅝ | 24⅝ | −⅜ |
| 24½ | 12⅞ | AMD | | | | 1636 | 19 | 18¾ | 18¾ | −¼ |
| 54¾ | 48¾ | AMD pf | 3 | 6.2 | | 457 | 49 | d48½ | 48½ | −½ |
| 10¾ | 5¼ | Adobe | | | | 169 | 9⅜ | 9⅛ | 9¼ | +⅛ |
| 20½ | 13¾ | Adob pf | 1.84 | 9.7 | | 2 | 19 | 19 | 19 | +⅛ |
| 21⅞ | 16⅝ | Adob pf | 2.40 | 11. | | 11 | 21¼ | 20⅞ | 21¼ | +½ |
| 15⅝ | 10⅜ | Advest | .12a | 1.0 | 9 | 54 | 12⅝ | 12½ | 12½ | −⅛ |
| 68¼ | 53 | AetnLf | 2.76 | 4.6 | 9 | 4431 | 59¾ | 59⅜ | 59⅝ | +⅛ |
| 64½ | 26½ | AflPb s | .32 | .5 | 31 | 221 | 61 | 60½ | 60¾ | −¼ |
| 28¾ | 18⅝ | Ahmans | .88 | 4.2 | 6 | 7631 | 21⅝ | 21 | 21 | −½ |
| 5⅜ | 2⅞ | Aileen | | | | 130 | 4⅛ | 4 | 4⅛ | |
| 50¼ | 29⅛ | AirPrd | 1 | 2.1 | 263 | 697 | 47⅝ | 46⅞ | 47⅝ | +⅜ |
| 36 | 16 | AirbFrt | .60 | 1.8 | 13 | 318 | 33¼ | 32⅞ | 33⅛ | +⅛ |
| 15 | 7⅜ | Airgas n | | | 23 | 54 | 13¾ | 13⅝ | 13¾ | |
| 20⅜ | 16¼ | Airlse | n1.57e | 9.4 | | 58 | 16⅞ | 16⅝ | 16⅝ | −¼ |
| 17-32 | ¼ | AlMoan | | | | 17 | 13-32 | ⅜ | 13-32 | +1-32 |

[illegible]

Continued on Page 37

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

[illegible]

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|---|---|---|
| 25¾ | 12⅜ | SeaCnt | | | | 1297 | 22⅛ | 21¾ | 21¾ | −⅛ |
| 14⅛ | 7¾ | SeaCt pf1.46 | 11. | | | 29 | 14 | 13⅞ | 13⅞ | |
| 16⅝ | 10½ | SeaC pfB2.10 | 13. | | | 177 | u16½ | 16 | 16½ | +⅞ |
| 16½ | 9⅝ | SeaC pfC2.10 | 13. | | | 823 | 16½ | 15⅝ | 16 | +½ |
| 51¼ | 34½ | SeaC pfD4.12 | 8.8 | | | 82 | 47½ | 47 | 47 | −½ |
| 79¾ | 37⅜ | Seagrm 1 | 1.3 | 16 | | 1225 | 75⅝ | 74½ | 74½ | −⅞ |
| 21⅛ | 12⅛ | Seagul | | 10 | | 87 | 20⅞ | 20 | 20⅛ | +⅛ |
| 52¼ | 33⅛ | SealAir .52 | 1.1 | 20 | | 118 | 46 | 45⅝ | 45⅝ | −⅝ |
| 38 | 23⅛ | SealPwl.10 | 3.1 | 14 | | 109 | u36¼ | 35⅝ | 35⅝ | −⅜ |
| 65 | 39 | Sears 2 | 4.0 | 13 | | 7424 | 50⅝ | 50 | 50¼ | −⅜ |
| 42½ | 32 | SecPac1.80 | 4.4 | 8 | | 1972 | 42⅛ | 41⅛ | 41¼ | −⅜ |
| 80 | 65 | SequaA15e | .2 | 14 | | 151 | 72⅝ | 72 | 72⅛ | −¼ |
| 82 | 68¼ | SequaB12e | .2 | 12 | | 45 | 74½ | 74¼ | 74¼ | −⅜ |
| 107 | 92 | Sequa pf 5 | 5.0 | | | 8 | 99½ | 98¼ | 99½ | −⅛ |

[illegible]

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|---|---|---|
| 52⅝ | 30⅜ | TycoLb .40 | .9 | 19 | | 2842 | 44½ | 44 | 44⅝ | +⅝ |
| 16½ | 11¼ | Tyler .40 | 3.1 | 25 | | 200 | 12⅞ | 12⅝ | 12⅞ | |
| | | **U U U** | | | | | | | | |
| 44½ | 18 | UCCEL | | | 37 | 922 | 41 | 40¾ | 40¾ | −½ |
| 27⅞ | 17¼ | UDC s 2.20 | 12. | 6 | | 429 | 18¾ | 18⅛ | 18⅛ | −1 |
| 32 | 24 | UGI 2.04 | 7.2 | 13 | | 81 | 29 | 28¼ | 28½ | −¼ |
| 12¾ | 8¼ | UNCInc | | | 15 | 333 | 10 | 9⅞ | 10 | −⅛ |
| 31⅞ | 20⅝ | UNUM n.20e | .8 | | | 786 | 24⅛ | 23⅞ | 24 | +⅛ |
| 21⅞ | 14⅝ | URS | | | 17 | 75 | 17⅜ | 17 | 17⅜ | |
| 48¾ | 36¼ | USFG 2.48 | 6.5 | 9 | | 4952 | 38⅛ | 37¾ | 37⅞ | |
| 62 | 52½ | USFG pf4.10 | 7.8 | | | 82 | 52⅞ | 52½ | 52½ | −¼ |
| 45½ | 31 | USG 1.12 | 3.1 | 8 | | 1990 | 35¼ | 35 | 35¼ | +1½ |
| 29¼ | 20½ | USLICOs | | 3.6 | 8 | 64 | 24½ | 24 | 24⅛ | −⅛ |

[illegible]

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|---|---|---|
| 63 | 42⅝ | WiscPS 3 | 6.5 | 12 | | 50 | 46¼ | 45⅞ | 46¼ | +⅛ |
| 31½ | 21⅛ | WIPS wi | | | | 10 | 23½ | 23½ | 23½ | |
| 47⅞ | 31⅞ | Witco 1.12 | 2.7 | 14 | | 375 | 41½ | 40¾ | 40¾ | −½ |
| 14 | 8⅛ | WolvrW | | | | 161 | 12¼ | 12⅛ | 12¼ | +⅛ |
| 57¾ | 37 | Wlwth s1.32 | 2.5 | 15 | | 2164 | 52⅞ | 52¼ | 52⅜ | −⅝ |
| 7¼ | 2 | WrldCp | | | | 70 | 5⅞ | 5⅞ | 5⅞ | −¼ |
| 19¾ | 14⅝ | WrldVl n | | | | 19 | 18 | 17⅞ | 17⅞ | |
| 54⅞ | 36⅝ | Wrigly s1.04 | 1.9 | 20 | | 58 | 53¾ | 53½ | 53½ | |
| 3⅞ | 1⅛ | Wurltzr | | | | 5 | 2½ | 2⅜ | 2½ | +⅛ |
| 18⅝ | 11 | WyleLb .32 | 1.9 | 34 | | 450 | 17 | 16⅝ | 16¾ | −¼ |
| 24⅝ | 16 | Wynns .60 | 3.3 | 13 | | 8 | 18¼ | 18⅛ | 18¼ | −⅛ |
| | | **X Y Z** | | | | | | | | |
| 81¼ | 46⅝ | Xerox 3 | 3.9 | 16 | | 4187 | 77¼ | 76⅝ | 76⅝ | −⅝ |
| 55¼ | 54¼ | Xerox pf5.45 | 10. | | | 17 | 54¾ | 54¾ | 54¾ | |
| 28¾ | 21½ | XTRA .64 | 2.5 | | | 351 | 25⅞ | 25⅝ | 25⅝ | +⅛ |
| 27¼ | 15 | Yorkin | | 17 | | 66 | 26⅞ | 26½ | 26⅝ | |
| 6 | 2¼ | Zapata | | | | 7419 | 5⅛ | 4½ | 5⅛ | +½ |
| 43⅞ | 26¾ | Zayre .40 | 1.4 | 17 | | 6452 | 27⅞ | 27⅜ | 27⅞ | |
| 14¾ | 9¾ | Zemex .40 | 3.1 | 8 | | 8 | 13⅛ | 12⅞ | 13 | |
| 29¾ | 18⅞ | ZenithE | | | | 686 | 25¾ | 25¼ | 25¾ | |
| 17 | 8 | ZenLab | | | | 425 | 10½ | 10¼ | 10⅜ | −⅛ |
| 19½ | 12⅜ | Zero .36 | 2.1 | 17 | | 85 | 17⅞ | 16¾ | 16¾ | −⅛ |
| 26½ | 16⅝ | Zurnln s | | 18 | | 190 | 26⅝ | 26 | 26¼ | |
| 10⅝ | 8¾ | Zweig n.65e | 6.4 | | | 2580 | 10⅛ | 9⅞ | 10⅛ | +⅛ |

: Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE CLOSING PRICES

[illegible]

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

Continued on Page 35

# FINANCIAL TIMES

## WORLD STOCK MARKETS

AMERICA

# Blue chips offer resistance to futures-led fall

### WALL STREET

RESISTING a strong downward pull from futures and other bearish factors, Wall Street stock prices suffered only minor losses yesterday in moderate trading, *writes Roderick Oram in New York.*

Bonds managed to overcome initial weakness prompted by slippage in the dollar and finished the session about ¼ of a point higher.

The Dow Jones industrial average closed down 8.77 points at 2,409.76. The index had slipped to a loss of about 15 points by mid-morning under the influence of stock index futures which were trading at steep discount after Tuesday's sharp drop in share prices.

Investors were cheered a little by the blue chips' resilience particularly in the face of a lower dollar and drifting bond market. The overall mood remains cautious, however. Many analysts see the possibility of further price corrections so investors were reluctant to take positions since today is the last session before the Independence holiday weekend.

Broader market indices slipped marginally taking the Standard & Poor's 500 down 1.07 to 302.93 and the New York Stock Exchange composite index down 0.55 at 107.52. NYSE volume was moderate at 157m shares with declining issues outnumbering those rising by a ratio of four-to-three.

Railway stocks were one of the few active sectors yesterday in the wake of Tuesday's news that Washington was forcing Santa Fe Southern Pacific to sell one or both of its railroads. Santa Fe rose $2 to $52 on volume of 3.4m shares which made it the most active NYSE issue, while two potential buyers, Kansas City Southern and Burlington Northern, fell $⅝ to $58⅜ and $2⅛ to $80⅛ respectively.

The Dow Transportation index closed down 2.63 points at 1,023.45 because of the general weakness of other railroads and airlines. Union Pacific fell $1⅛ to $77¼, Norfolk Southern added $⅜ to $33⅞ and CSX edged down $¼ to $34⅞.

Among the airlines, which have been hurt recently by rising fuel prices, AMR, parent of American Airlines, dropped $1¼ to $58, TWA lost $½ to $29½, Texas Air was unchanged at $37¼ and NWA, parent of Northwest, was off $1⅜ to $68¼.

United Technologies gained a further $⅝ to $53 amid hopes that impending sale of its Essex wire subsidiary indicated the group would make further rationalisations.

Financial Corp of America, holding company of the largest US network of savings and loan institutions, fell $⅝ to $3¾. The troubled group, which federal regulators are trying to sell in whole or parts, said it would suffer a second-quarter loss of $150m-$200m because of changes in its accounting principles.

Other interest rate sensitive stocks such as banks and insurance companies were generally lower. Manufacturers Hanover slipped $⅝ to $44¼, Citicorp was off $58¾, BankAmerica was down $⅛ to $11⅞, Chase Manhattan gave up $1⅛ to $40⅛ and Travelers was down $¾ to $44⅞.

Genetics Institute soared $4½ to $36. It was issued a patent on erythropoietin, a protein which controls the rate of human red cell production.

MBIA was the third most active NYSE issue with more than 2m shares traded. It was the first day of trading for the issue of 5.5m shares in the municipal bond insurer which had been floated at $21½. It finished unchanged at its opening price of $22.

Tiger International, the cargo airline, rose $½ to $14⅛ on rumours that it may be on the auction block.

Credit markets opened about ¼ of a point lower, partly because of a slight weakening of the dollar. Prices improved modestly during the morning but without any real conviction. The 8.75 per cent benchmark Treasury long bond ended at 102 27/32, up 5/32 on the day and yielding 8.48 per cent.

**Canadian stock markets were closed for the national Canada Day holiday.**

While the markets are unlikely to gain any strong sense of direction this side of the holiday weekend, they will have to digest today's employment figures. These first economic statistics for June are likely to show a healthy increase of about 200,000 in the number of jobs created, which should leave the unemployment rate little changed.

In the corporate debt market yesterday, Banca Nazionale del Lavoro, Italy's largest bank, launched a $500m medium-term note programme through Salomon Brothers. The notes will be offered on a continuous basis with maturities ranging from nine months to 10 years.

SOUTH AFRICA

A LATE retreat in the bullion price from its overnight highs did not prevent an advance in Johannesburg gold shares.

Bellwether gold Vaal Reefs rose R7.50 to R416.50, with Driefontein R1.25 stronger at R80.50. Freegold edged 50 cents up to R53.

Mining financials continued to shadow golds and Anglo American added 25 cents to R82 while Gencor firmed 50 cents to R53.50.

Elsewhere among minings, diamond stock De Beers was up 25 cents at R40.75 and platinum issues Impala and Rustenburg were 50 cents and 25 cents higher respectively at R45.50 and R52.25.

Industrials were mixed with a firmer bias. Anglo American coal slipped 50 cents to R33.50. Nedbank, however, added a further 5 cents to R8.20.

ASIA

# Seoul hits record while Tokyo rallies at close

### TOKYO

BUYING OF domestic demand-related stocks towards the close of yesterday's trading in Tokyo propelled share prices higher for the first time in four sessions, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average of 225 select issues gained 75.98 points to 24,252.38. Volume was 828.49m shares compared with Tuesday's 701.27m. Declines led advances by 530 to 397, with 119 issues unchanged.

The market opened weakly and the Nikkei index, which had shed 873 points between Saturday's session and Tuesday's, was down 443.33 points at mid-morning.

Later, however, large-capitalisation stocks, financials, constructions and other domestic demand-related issues – big losers in recent days – rebounded sharply, bolstered by buying from securities houses.

Nevertheless, the dominant view was that market rallies in these stocks would be short-lived.

Tokyo Electric Power closed higher for the first in five sessions, gaining Y30 to Y6,370. The issue lost Y200 to Y6,100 at one point.

Nippon Steel topped the actives with 64.80m shares changing hands. The issue closed Y14 higher at Y319 after falling to Y296 in early trading.

After opening lower, Mitsubishi Heavy Industries and Ishikawajima-Harima Heavy Industries turned up, ending Y9 and Y25 higher at Y591 and Y645, respectively.

Financial issues recouped big early losses towards the close. Nomura Securities, which dipped Y80 at one point, finished Y260 higher at Y4,590. Sumitomo Bank declined Y260 but later recovered slightly, closing at Y3,850, down Y70.

Properties, constructions and housings firmed, with Mitsui Real Estate advancing Y160 to Y2,440, Mitsubishi Estate Y120 to Y2,820, Shimizu Construction Y45 to Y959 and National House Industrial Y120 to Y2,210.

Conversely, recently favoured high-technology stocks eased slightly, affected by small-lot selling. Matsushita Electric Industrial dropped Y30 to Y2,250, Hitachi Y10 to Y1,190 and Sony Y100 to Y4,150.

Toshiba Corp. ended Y24 lower at Y680 after losing Y43 at one point, while Toshiba Machine slipped Y10 to Y437. These issues were sold after the US Senate passed a bill on Tuesday to ban imports from Toshiba group firms, a move to retaliate against Toshiba Machine for its sale of sophisticated machine tools to the Soviet Union in violation of US regulations.

Bond prices rallied sharply as a major brokerage house stepped up buying, encouraged by falling bill discount rates and broad agreement between the Finance Ministry and the bond underwriting syndicate on the issue terms for July long-term government bonds.

The July bond will be issued at 97.50 per cent of par and carry a coupon rate of 4.3 per cent.

After rising to 3.950 per cent, the yield on the benchmark 5.1 per cent government bond, falling due in June 1996, turned down steeply, ending the day at 3.640 per cent, down from Tuesday's 3.860 per cent.

### SOUTH KOREA

HEAVY LATE buying offset early losses to send Seoul share prices to a new closing peak as the market found support following President Chun Doo Hwan's acceptance of reform measures. The composite index rose 0.18 to a record of 411.94 on turnover of won 88.1bn against won 68.5bn on Tuesday.

Dongsuh Stock featured strongly among gains with a 800 won rise to 20,340 won. Daishin Securities advanced won 200 to won 4,270 and Hanil Bank won 80 to won 1,727. Samsung Electronic was won 800 higher at won 33,400.

### AUSTRALIA

A FIRMER bullion price lifted Sydney gold shares and the rest of the market in their wake at the start of the new fiscal year. The All Ordinaries index edged up 8.2 to 1,774.0.

Among stronger golds, Hill Gold Mine NL added 7 cents to A$1.98 in heavy trade following Tuesday's 38 cent leap. The closing price now exceeds the A$1.90 bid for the company offered on Tuesday by Western Mining. Western climbed 34 cents to A$6.40.

Whim Creek added 20 cents to A$9.50 and Newmont 10 cents to A$2.45.

Other miners firmed, boosted by golds and a rise in New York copper futures on Tuesday. Peko-Wallsend was up 14 cents at A$7.40 and North Broken Hill Holdings 8 cents to A$2.80.

### SINGAPORE

LATE bargain hunting and buying of speculative issues helped pare early gains on profit taking to leave Singapore prices mixed. The Straits Times industrial index added 0.14 to 1,261.18 due to gains in some index-based issues.

MBF and Ganda again featured among actives, easing 1 cent and 2.5 cents respectively to S$1.57 and 94 cents. Roxy was also busy and rose 15 cents to S$1.78.

Elsewhere, however, Far East Ship fell 14 cents to S$3.46, Transmarco 12 cents to S$4.82 and Malayan Tobacco 11 cents to S$4.94.

Blue chips found only patchy buying, with Fraser and Neave 20 cents stronger at S$11.10, but Singapore Airlines off 10 cents S$12.80 and Singapore Land 10 cents lower at S$7.40.

### HONG KONG

SPORADIC profit-taking in an otherwise directionless session trimmed Hong Kong share prices. The Hang Seng index lost 14.20 to 3,163.99.

Properties were the biggest losers in a broad retreat. Hang Lung was 20 cents down at HK$14.50, New World Development fell 20 cents down at HK$12.70 and Sun Hung Kai Properties was 10 cents lower at HK$16.80. Against the trend, however, Cheung Kong managed a 30 cent climb to HK$12.40.

Hongkong Land also found support to rise 10 cents to HK$7.15 on expectations of improved earnings. Associate group Jardine Matheson also rose 40 cents to HK$18.20.

# Listing in Vienna for Radex Heraklith

RADEX-HERAKLITH, the Austrian fire-fighting equipment group which was at one time part of General Refractories of the US, is to go public in September with the issue of a third of the 75 per cent of its capital held by an international consortium on the Vienna bourse.

The issue, worth Sch 200m ($15.57m) will be released to the public through Austrian bank Girozentrale.

The decision to go public was prompted by good results during 1986 as well as the fact that 65 per cent of the group's shares are now in Austrian hands.

Profits have risen over the past three years. Turnover for 1986 was more than Sch 4bn. Profits for the period, however, were Sch 38.05m, some Sch 20m up on 1985.

Turnover for the first five months of 1987 show similar trends, but are expected to improve later in the year as the group's ownership structure changes.

Philadelphia-based General Refactories, its original parent, sold off its European division to Girozentrale Vienna last April for Sch 800m. Girozentrale was acting as an intermediary for a consortium of international investors which bought 75 per cent of the group's shares.

Of this holding 25 per cent will be sold in an initial offering on the Austrian stock exchange. Mr Hellmut Longin, general director, said the company would not be raising new capital with the issue.

Mr Longin holds 11 per cent of the group's shares. A further 10 per cent were purchased by the company for its workers and half have already been sold. Radix-Heraklith employs 3,170 people, 2,200 in Austria.

EUROPE

# Siemens pulls Frankfurt further down

EUROPEAN BOURSES were lethargic and lower, with little activity. Frankfurt fell most sharply in brisk trading.

Frankfurt retreated as interest remained focused on Siemens, which fell DM 21.40 to DM 685.60 in very heavy turnover. Shortly after the opening, Siemens had traded at DM 680. Domestic and foreign investors unloaded shares and the easier dollar added to selling pressure across the market, particuarly in cars and electricals.

The FAZ index, measured at midday and thus not reflecting the late rally, closed at 608.83, down 10.40 points. The Commerzbank index of 60 leading shares, calculated at mid-session, fell 31.9 points to 1,841.2.

Daimler fell DM 10 to DM 1,090, VW shed DM 5.50 to 411.50 and BMW lost DM 9 to DM 689. Chemicals went against the trend as BASF gained DM 1 to DM 296.50.

Zurich, affected by a general lack of buying interest, saw domestic shares close slightly lower on smaller turnover. But losses were generally within a narrow range.

The exception to the dull market was Ascom, the company created by the merger of the communications companies, Hasler and Autophon. Its bearer share improved SFr 175 to SFr 9,125, reflecting mounting foreign interest in the stock.

Adia bearer shares fell SFr 400 to SFr 11,500, while Surveillance bearers rose SFr 100 to SFr 5,900. In weaker banks, Union Bank of Switzerland bearers fell SFr 90 to SFr 7,900 while Credit Swiss bearers shed SFr 35 to SFr 3,130.

Brussels traded longer than normal for technical reasons and the stock index closed at 4,780.22, down 6.58 points but not far short of Monday's record of 4,800.76.

Interest in blue chips was muted, with activity centred on holdings and banks. Sofina advanced BFr 125 to BFr 14,700, and Société Générale gained BFr 90 to BFr 6,450. Holdings were lower save for Sofina, with Cobepa shedding BFr 100 to BFr 5,950 and Reserve, the stock of Société Générale de Belgique, was BFr 5 lower at BFr 3,875

Amsterdam was affected by Wall Street's decline the previous day but, as the dollar seemed to recover from its softer undertone, shares although closing lower, were above levels earlier in the day. The weighted ANP-CBS general index slipped to 303.5 from the record peak of 306.8.

Paris reacted to early trading in Wall Street and the dollar but the 50-share Bourse indicator posted a gain of 0.35 per cent at the close. The market was hoping for improved French trade and inflation figures for June.

Vallourec led the gains, putting on 12.2 per cent to FFr 53, Signaux rose 6.6 per cent to FFr 576, newly privatised Credit Commercial de France put on 5.2 per cent to 140, Penarroya rose 3.6 per cent to FFr 45 and Alsthom gained 3 per cent to FFr 390.

Milan saw thin volume and the weak tone continued. Fiat, which on Tuesday reported higher turnover and operating profits for the first four months, closed stable at L12,900 but weakened in post-close trading. Olivetti ordinary dropped to L12,470 from L12,810, Generali shed L1,350 to L131,100 and Montedison slipped to L2,350 from L2,380.

Oslo was busy and prices closed generally lower, with some foreign investors taking profits on recent gains amid some nervousness as the all-share index creeps closer to its all time record high of 333.28, reached on April 24.

Yesterday's close was 330.60, down 0.37 points. The oil index saw the biggest drop, falling 0.74 points to 286.86.

Stockholm fell slightly, with the Veckans Affarer all-share index down to 994.9 from 998.4. Ericsson dipped SKr 9 to Skr 240, mainly due to a statement by the company's president, Bjorn Svedberg, last week that it would take longer than expected to turn the company around.

Madrid finished mostly lower, with the general index down 1.34 points. The banking index dropped 0.86 of a point, with Banesto down 34 percentage points to 750 per cent of nominal market value, and Bilbao falling 13 percentage points to 1,345 per cent.

### LONDON

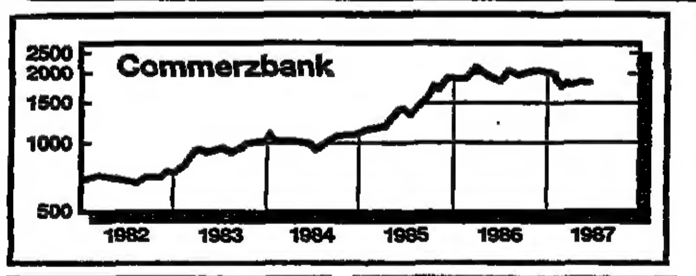
**LONDON equities continued their downward slide as Japanese investment funds – which pushed the UK Government bond market higher yesterday morning with a sudden flurry of buying – continued to avoid stocks.**

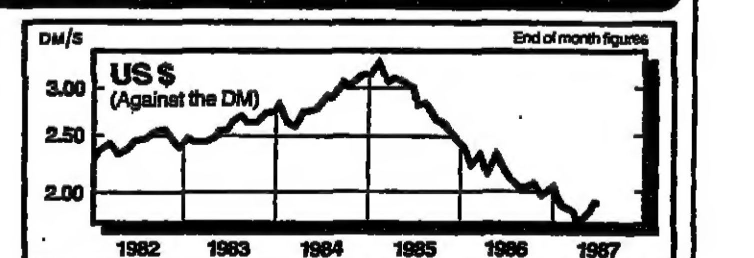
**Equities opened sharply lower in the face of the setback on Wall Street and never recovered. The FT-SE 100 closed a net 14.3 down on the day at 2,269.8, while the FT Ordinary index shed 10.5 to 1772.1.**

**Despite Japanese buying, gilt-edged prices at the close were showing net losses of ½ point, discouraged by sterling's failure to hold on to an early gain. The advance flickered out after the authorities had sold off a substantial part of the £500 taplet stocks announced at the end of last week. Details Page 34.**



## KEY MARKET MONITORS




### STOCK MARKET INDICES

| NEW YORK | Jul 1 | Prev | Year ago |
|---|---|---|---|
| DJ Industrials | 2,409.76 | 2,418.53 | 1,904.0 |
| DJ Transport | 1,023.45 | 1,026.08 | 781.88 |
| DJ Utilities | 205.95 | 205.90 | 199.55 |
| S&P Comp. | 302.94 | 304.00 | 252.04 |
| **LONDON FT** | | | |
| Ord | 1,772.1 | 1,782.6 | 1,368.6 |
| SE 100 | 2,269.8 | 2,284.1 | 1,660.80 |
| A All-share | 1,149.15 | 1,153.12 | 819.29 |
| A 500 | 1,271.56 | 1,276.67 | 900.56 |
| Gold mines | 384.6 | 378.9 | 198.2 |
| A Long gilt | 9.21 | 9.18 | 9.42 |
| World Act. Ind (June 29) | 130.64 | 132.17 | 92.74 |
| **TOKYO** | | | |
| Nikkei | 24,252.38 | 24,176.40 | 17,622.7 |
| Tokyo SE | 2,042.53 | 2,039.08 | 1,365.68 |
| **AUSTRALIA** | | | |
| All Ord. | 1,774.0 | 1,765.8 | 1,175.3 |
| Metals & Mins. | 2,612.3 | 1,029.0 | 496.2 |
| **AUSTRIA** | | | |
| Credit Aktien | 185.74 | 185.94 | 245.26 |
| **BELGIAN SE** | 4,780.22 | 4,786.80 | 3,678.18 |
| **CANADA** | | | |
| Toronto | | | |
| Met.& Mins. | 2,778.2 | 2,778.2 | 2,108.0 |
| Composite | 3,740.2 | 3,740.2 | 3,089.9 |
| Montreal | | | |
| Portfolio | 1,890.42 | 1,890.42 | 1,561.33 |
| **DENMARK SE** | | | |
| SE | 206.85 | 207.96 | 216.57 |
| **FRANCE** | | | |
| CAC Gen | – | 404.50 | 354.9 |
| Ind. Tendance | 101.90 | 101.80 | 84.28 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 608.83 | 619.23 | 626.26 |
| Commerzbank | 1,841.20 | 1,873.10 | 1,894.2 |
| **HONG KONG** Hang Seng | 3,163.99 | 3,178.19 | 1,733.51 |
| **ITALY** Banca Comm. | 685.56 | 696.27 | 682.28 |
| **NETHERLANDS** ANP CBS | | | |
| Gen | 303.50 | 306.80 | 286.9 |
| Ind | 259.00 | 260.70 | 284.4 |
| **NORWAY** Oslo SE | 432.00 | 432.28 | 359.92 |
| **SINGAPORE** Straits Times | 1,261.18 | 1,261.00 | 745.89 |
| **SOUTH AFRICA** JSE | | | |
| Golds | – | 2,060.0 | 1,247.3 |
| Industrials | – | 1,923.0 | 1,173.5 |
| **SPAIN** Madrid SE | 246.24 | 247.58 | 170.82 |
| **SWEDEN** J & P | 2,689.80 | 2,704.80 | 2,431.71 |
| **SWITZERLAND** Swiss Bank Ind | 610.40 | 613.0 | 557.9 |

### COMMODITIES (London)

| | July 1 | Prev |
|---|---|---|
| Silver (spot fixing) | 449.90p | 443.5p |
| Copper (cash) | n/a | £991.50 |
| Coffee (September) | £1,257.00 | £1,272.00 |
| Oil (Brent Blend) | $18.975 | $19.025 |

### GOLD ($/oz)

| | July 1 | Prev |
|---|---|---|
| London | $448.50 | $446.75 |
| Zürich | $448.25 | $447.15 |
| Paris (fixing) | $448.82 | $444.72 |
| Luxembourg | $450.15 | $447.75 |
| New York (August) | $449.40* | $452.20 |

### CURRENCIES (London)

| | US DOLLAR July 1 | US DOLLAR Previous | STERLING July 1 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.6165 | 1.6135 |
| DM | 1.8280 | 1.8255 | 2.955 | 2.945 |
| Yen | 146.75 | 146.75 | 237.25 | 236.75 |
| FFr | 6.10 | 6.09 | 9.86 | 9.825 |
| SFr | 1.5190 | 1.5150 | 2.455 | 2.445 |
| Fl | 2.0580 | 2.0550 | 3.3275 | 3.315 |
| Lira | 1,322.5 | 1,322 | 2,137.75 | 2,132 |
| BFr | 37.85 | 37.90 | 61.20 | 61.15 |
| C$ | 1.3295 | 1.3315 | 2.1475 | 2.1455 |

### INTEREST RATES

| Euro-currencies (3-month offered rate) | July 1 | Prev |
|---|---|---|
| £ | 9⅛ | 9⅛ |
| SFr | 3⅞ | 3 13/16 |
| DM | 3⅞ | 3 15/16 |
| FFr | 8 7/16 | 8½ |
| FT London Interbank fixing (offered rate) | | |
| 3-month US$ | 7 5/16 | 7 5/16 |
| 6-month US$ | 7⅜ | 7⅜ |
| US Fed Funds | 6⅝* | 6¾ |
| US 3-month CDs | 6.75* | 7.075 |
| US 3-month T-bills | 5.62* | 5.89 |

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| US Treasury Bonds (CBT) 8% 32nds of 100% | | | | |
| June 30 (Sept) | 91–17 | 91–26 | 91–03 | 91–16 |
| US Treasury Bills (IMM) $1m points of 100% | | | | |
| (Sept) | 94.05 | 94.10 | 93.94 | 93.94 |
| Certificates of Deposit (IMM) $1m points of 100% | | | | |
| (Sept) | – | – | – | – |
| **LONDON** | | | | |
| Three-month Eurodollar $1m points of 100% | | | | |
| (Sept) | 92.63 | 92.66 | 92.56 | 92.59 |
| 20-year Notional Gilt £50,000 32nds of 100% | | | | |
| (Sept) | 122–15 | 123–20 | 122–14 | 123–04 |

### US BONDS

**Treasury**

| | July 1 Price | July 1 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 7¼ 1989 | 99 20/32 | 7.44 | 99 20/32 | 7.512 |
| 7 1994 | 98 26/32 | 8.21 | 98 13/32 | 8.266 |
| 8½ 1997 | 100 28/32 | 8.36 | 100 22/32 | 8.403 |
| 8¾ 2017 | 102 27/32 | 8.49 | 102 17/32 | 8.528 |

Source: Harris Trust Savings Bank

**Treasury Index**

| Maturity (years) | July 1 Return index | Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 163.17 | +0.23 | 6.93 | –0.03 |
| 1–10 | 154.63 | +0.12 | 6.66 | –0.03 |
| 1–3 | 144.03 | +0.07 | 6.37 | –0.03 |
| 3–5 | 157.57 | +0.17 | 6.71 | –0.03 |
| 15–30 | 193.58 | +0.59 | 7.78 | –0.03 |

Source: Merrill Lynch

**Corporate**

| | July 1 Price | July 1 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT&T 3⅞ July 1990 | unch | unch | 93.24 | 6.40 |
| SCBT South Central 10⅞ Jan 1993 | unch | unch | 103.0 | 10.16 |
| Phibro Sal 8 April 1996 | unch | unch | 92.32 | 9.30 |
| TRW 8⅞ March 1996 | unch | unch | 97.05 | 9.25 |
| Arco 9⅞ March 2016 | unch | unch | 102.15 | 9.25 |
| General Motors 8⅝ April 2016 | unch | unch | 85.65 | 9.80 |
| Citicorp 9⅞ March 2016 | unch | unch | 92.79 | 10.16 |

Source: Salomon Brothers

* Latest available figures